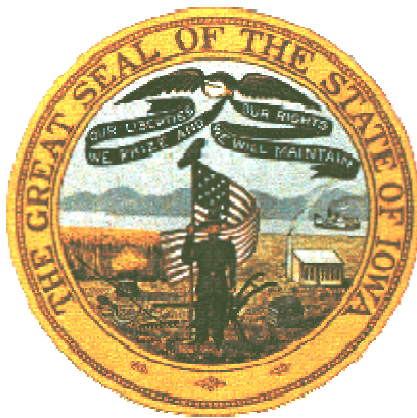


STATE OF IOWA

GROUP MEDICAL MANAGED CARE ORGANIZATION (MCO) PLANS

REQUEST FOR PROPOSALS



Issued by:

The State of Iowa

February 17, 2006

State of Iowa

Request for Proposals

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SECTION 1. INTRODUCTION AND BACKGROUND

Information regarding the State's benefit programs is available on the State's web site: <http://www.das.hre.iowa.gov> under the State Benefits tab. Census, rate history, and claims information have been provided with this RFP.

1.1 Introduction

The State of Iowa, Department of Administrative Services, is soliciting proposals for the insurance and administration of its employee Managed Care Organization (MCO) medical insurance plans, with a January 1, 2007 effective date.

The State of Iowa's overall medical plan is currently available to approximately 35,000 active and retired employees in the Executive, Legislative, and Judicial branches. The primary reasons for this solicitation are to assess changes in the marketplace, ensure financial competitiveness, and to comply with State contract term and procurement requirements. Currently Wellmark Blue Cross Blue Shield of Iowa insures the PPO and indemnity medical and prescription drug plan under a minimum premium arrangement. This contract covers approximately sixty-five percent of the State's enrollees. The other thirty-five percent of enrollees are spread across the State's current MCO providers:

- Wellmark Health Plan of Iowa (Closed Network plan offered)
- United HealthCare (Open Network plan offered)
- John Deere Health Plan (Open & Closed Network plans offered)
- Coventry Health Plan of Iowa (Open & Closed Network plans offered)

2005 MCO Contracts

| MCO Plan | Contracts | | |
|--------------------------------|--------------|--------------|---------------|
| | Single | Family | Total |
| Coventry – Open Access | 721 | 775 | 1,496 |
| Coventry – Preferred Care Plan | 232 | 273 | 505 |
| John Deere Choice | 478 | 151 | 629 |
| John Deere Select | 31 | 315 | 346 |
| United Healthcare | 315 | 1,495 | 1,810 |
| Wellmark Blue Advantage | 1,060 | 5,032 | 6,092 |
| Total | 2,827 | 8,041 | 10,878 |

Overall MCO enrollment increased 22% in 2005.

Please see the census information provided in Attachment 9.

The products provided by these vendors are fully insured and the benefit designs are standardized. Please see the following table for the standard plan design:

| STANDARD MCO PLAN | |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| Category | Coverage |
| Deductible Single/Family | None. |
| Coinsurance Percentage | Varies; see below. |
| Out-of-Pocket Limit Single/Family | \$750/\$1500. All copayments go toward Out-of-Pocket limit with the exception of prescription drug copayments. |
| Lifetime Maximum Benefit | None. |
| Preexisting Condition Waiting Period for | None. |

SECTION 1. INTRODUCTION AND BACKGROUND

| | |
|------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| New Employees | |
| Preapproval of Inpatient Admissions | Required. Referral from Participating Physician necessary. |
| Large Case Management | Alternative care set up on a case-by-case basis. |
| Second Surgical Opinion | Voluntary. Paid according to normal Plan benefits when received from Plan Provider. |
| Outpatient Surgery Setting | Participating physician will determine appropriate surgical setting. |
| Benefits Available From Non-Participating or Non-Network Providers | None, unless prescribed, referred, and approved by a Participating Physician or in an Emergency Medical Condition or with prior authorization from the plan (when required). |
| PHYSICIAN SERVICES | |
| Office Calls | \$10.00 copayment per visit. |
| Routine Physicals | \$10.00 copayment per visit, excluding those employment-related/required. |
| Well Child Care | \$10.00 copayment per visit. |
| Routine Eye Exam | \$10.00 copayment per visit. Limit of one exam per Member per calendar year. |
| Routine Hearing Exam | \$10.00 copayment per visit. Limit of one exam per Member per calendar year. |
| Maternity | 100% for delivery. \$10.00 copayment for initial visit; remaining pre- and post-natal visits paid in full. |
| HOSPITAL SERVICES | |
| Room and Board | 100% if authorized. Semi-private basis, unless Medically Necessary to use private room. May require Prior Approval. |
| Physician Services | 100% if authorized. |
| Inpatient Services | 100% if authorized. |
| Outpatient Surgery | 100% if authorized. |
| Inpatient Supplies, Drugs, Rx, etc. | 100% if authorized. |
| Inpatient Tests, ICU, Operating Room, Specialized Care, etc. | 100% if authorized. |
| MENTAL/NERVOUS/SUBSTANCE ABUSE | |
| Inpatient Hospital Room and Board | 100%. Maximum 30 Days per Member per calendar year. |
| Inpatient Physician Care | 100%. Maximum 30 Days per Member per calendar year. |
| Outpatient | \$10.00 copayment per visit. Maximum 52 visits per Member per calendar year. |
| Inpatient Hospital Room and Board | 80%. Maximum 30 Days per Member per calendar year. |
| Inpatient Physician Care | 100%. Maximum 30 Days per Member per calendar year. |
| Outpatient | \$20.00 copayment per visit. Maximum 52 visits per Member per calendar year. |
| MISCELLANEOUS SERVICES | |
| Prescription Drugs Includes: mail order plans where a three month supply can be purchased for two copayments. | \$5.00 generic, \$15.00 formulary brand \$30.00 copayment or 25% of non-formulary brand or generic, whichever is greater. RX must be for a Covered Service and from a Plan pharmacy. Copayments do NOT apply to Out-of-Pocket Limit. |
| Prescription Oral Contraceptives and | Covered. |

SECTION 1. INTRODUCTION AND BACKGROUND

| | |
|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contraceptive Devices | |
| X-Ray & Lab | 100%. |
| Immunizations | 100%. (Travel or employment are excluded.) |
| Allergy Treatment | \$10.00 copayment per visit. |
| Chiropractor | \$10.00 copayment per visit with approved referral. |
| Home Health Care | 100% if authorized by the Company. |
| Ambulance Services | 100% if Medically Necessary/Emergency Medical Services. |
| Organ Transplants | Heart, heart/lung, lung (single and double), liver, pancreas, kidney/pancreas, kidney, cornea, small intestine, autologous bone marrow, and allogeneic bone marrow transplants 100% covered if authorized by the Company. No coverage if experimental or in a nonauthorized Facility. |
| Infertility Services/Treatments, Eye Glasses, and Hearing aids | Not Covered. |
| Nursing Facility Providing Skilled Care | 100%. Maximum of 120 Days per Member per calendar year. |
| Emergency Room (ER Care) | \$50.00 copayment; waived if admitted. |
| Blood, Blood Plasma, Blood Serum | 100% if authorized. |
| Accidents | \$10.00 office visit copayment; \$50 copayment for emergency room, waived if admitted. |
| Hospice Care | 100% if authorized by the Company. |
| Durable Medical Equipment | 80% if prescribed by Participating Provider and obtained from a supplier authorized by the Company. |
| Hemodialysis | 100% if obtained in a center authorized by the Company. |
| Outpatient Chemotherapy | \$10.00 copayment per visit. |
| Prosthetic Devices | 80% if authorized by Participating Physician and obtained from an authorized supplier. |
| Speech, Respiratory, Occupational, & Physical Therapy | \$10.00 copayment per visit. Maximum 60 visits per Member per year. |
| Dental Accident Care | 80% if authorized by the Company for injury to sound natural teeth. Services must be within 6 months of injury & injury must have occurred while Member enrolled in Plan. |
| Dependent Child Age Limit | Age 19, or unlimited if a full-time student and unmarried. |

Please review the Benefit Comparison document and the certificates on the State's web site: <http://www.das.hre.iowa.gov> under the State Benefits tab for additional information.

1.2 Current Medical Insurance Plans

The State of Iowa employee Indemnity and Preferred Provider Organization (PPO) medical plans are currently administered by Wellmark under a minimum premium arrangement. Pharmacy benefit management is also provided. This contract went into effect on January 1, 2006 and was the result of a Request for Proposal (RFP). **This RFP does not include this line of coverage.**

Where available, the State also provides employees with MCO medical plan options on a fully insured basis. **This RFP is for these plans only.**

SECTION 1. INTRODUCTION AND BACKGROUND

Venders should review the Benefit Comparison document for 2006 at the State's web site: <http://www.das.hre.iowa.gov> under the State Benefits tab. The Description of Desired Services section of this RFP provides further information regarding the requested plan design and funding approach.

1.2.1 Eligibility

The current medical plan is available to approximately 35,000 active and retired State employees in the Executive, Legislative, and Judicial branches. Not eligible for the plan are temporary employees, permanent part-time employees working less than 20 hours per week and Regents supervisory, professional, and scientific employees.

Of the approximately 27,000 active medical contracts, almost equally divided between single and family, approximately 22,000 are covered by collective bargaining agreements. Please see the census information for current enrollment information.

Summary of Health Plan Options

| | AFSCME, AFSCME Judicial, PPME, and Non-Contract Judicial | Non-Contract (Excludes Judicial) | UE/IUP |
|----------------|-------------------------------------------------------------------|-------------------------------------|-------------------|
| INDEMNITY PLAN | Program 3 Plus | Deductible 3 Plus | Deductible 3 Plus |
| PPO PLAN | Iowa Select | Iowa Select | IUP Select |
| MCO | Any | Any | Any |

1.2.2 Experience-Rated Units

There are sixteen experience reporting units within the State's Medical Program, as listed below. There are also four relevant union contracts: American Federation of State, County, and Municipal Covered Employees (AFSCME), Public Professional & Maintenance Employees (PPME), United Electrical/Iowa United Professionals (UE/IUP), and AFSCME Judicial.

- Central Payroll
- Department of Transportation
- Fair Board
- University of Iowa
- University of Northern Iowa
- Iowa State University
- Iowa School of the Blind
- Iowa School for the Deaf
- Corrections Districts:
 - Waterloo Corrections District
 - Ames Corrections District
 - Sioux City Corrections District
 - Council Bluffs Corrections District
 - Des Moines Corrections District
 - Cedar Rapids Corrections District
 - Davenport Corrections District
 - Fairfield Corrections District

1.2.3 Funding

SECTION 1. INTRODUCTION AND BACKGROUND

The current contract with all MCO providers is a fully insured arrangement. A sample of the current and proposed contract is provided in Attachment 3.

1.2.4 Rates and Employee Contributions

MCO Monthly Premium Rate History - AFSCME Contribution Scenario

| Plan Year | Contract Type | 2004 | | 2005 | | 2006 | |
|----------------------------------------|---------------|------------|----------|------------|----------|------------|----------|
| | | Total | EE Share | Total | EE Share | Total | EE Share |
| Wellmark Blue Advantage | Single | \$286.64 | \$0.00 | \$311.26 | \$0.00 | \$350.60 | \$0.00 |
| | Family | \$687.86 | \$0.00 | \$746.96 | \$0.00 | \$841.38 | \$0.00 |
| United HealthCare | Single | \$330.84 | \$0.00 | \$381.46 | \$0.00 | \$423.12 | \$0.00 |
| | Family | \$793.99 | \$16.08 | \$915.48 | \$34.42 | \$1,015.46 | \$42.00 |
| John Deere Health Plan – Closed | Single | \$332.68 | \$0.00 | \$355.48 | \$0.00 | \$399.64 | \$0.00 |
| | Family | \$798.43 | \$20.52 | \$853.16 | \$0.00 | \$959.12 | \$0.00 |
| John Deere Health Plan – Open | Single | \$419.86 | \$0.00 | \$455.60 | \$0.00 | \$491.64 | \$0.00 |
| | Family | \$1,007.66 | \$229.76 | \$1,093.42 | \$212.36 | \$1,179.91 | \$206.46 |
| Coventry Health Plan – Closed | Single | \$331.00 | \$0.00 | \$376.90 | \$0.00 | \$425.18 | \$0.00 |
| | Family | \$794.26 | \$16.36 | \$904.38 | \$23.32 | \$1,020.20 | \$46.74 |
| Coventry Health Plan – Open | Single | \$342.70 | \$0.00 | \$390.22 | \$0.00 | \$440.20 | \$0.00 |
| | Family | \$822.40 | \$44.50 | \$936.42 | \$55.36 | \$1,056.34 | \$82.88 |

The State pays 100% of the single contract premium. For AFSCME, AFSCME Judicial, PPME, and Non-contract family plans the State currently contributes 85% of the AFSCME PPO total premium. This same dollar amount is then applied toward all MCO family premiums.

MCO Monthly Premium Rate History – UE/IUP Contribution Scenario

| Plan Year | Contract Type | 2004 | | 2005 | | 2006 | |
|----------------------------------------|---------------|------------|----------|------------|----------|------------|----------|
| | | Total | EE Share | Total | EE Share | Total | EE Share |
| Wellmark Blue Advantage | Single | \$286.64 | \$0.00 | \$311.26 | \$0.00 | \$350.60 | \$0.00 |
| | Family | \$687.86 | \$0.00 | \$746.96 | \$0.00 | \$841.38 | \$0.00 |
| United HealthCare | Single | \$330.84 | \$0.00 | \$381.46 | \$0.00 | \$423.12 | \$0.00 |
| | Family | \$793.99 | \$69.18 | \$915.48 | \$123.30 | \$1,015.46 | \$144.08 |
| John Deere Health Plan – Closed | Single | \$332.68 | \$0.00 | \$355.48 | \$0.00 | \$399.64 | \$0.00 |
| | Family | \$798.43 | \$73.62 | \$853.16 | \$60.98 | \$959.12 | \$87.74 |
| John Deere Health Plan – Open | Single | \$419.86 | \$0.00 | \$455.60 | \$0.00 | \$491.64 | \$0.00 |
| | Family | \$1,007.66 | \$282.86 | \$1,093.42 | \$301.24 | \$1,179.91 | \$308.52 |
| Coventry Health Plan – Closed | Single | \$331.00 | \$0.00 | \$376.90 | \$0.00 | \$425.18 | \$0.00 |
| | Family | \$794.26 | \$69.46 | \$904.38 | \$112.20 | \$1,020.20 | \$148.82 |
| Coventry Health Plan – Open | Single | \$342.70 | \$0.00 | \$390.22 | \$0.00 | \$440.20 | \$0.00 |
| | Family | \$822.40 | \$97.60 | \$936.42 | \$144.24 | \$1,056.34 | \$184.96 |

The State pays 100% of the single contract premium. For UE/IUP family plans the State contributes 72% of the UE/IUP Indemnity total premium. This same dollar amount is then applied towards MCO family plan premiums.

SECTION 1. INTRODUCTION AND BACKGROUND

NOTE: THE DESCRIPTIONS OF THE FOLLOWING GROUP INSURANCE PRODUCTS OFFERED BY THE STATE ARE PROVIDED AS REFERENCE INFORMATION ONLY AND ARE NOT INCLUDED IN THIS RFP.

1.3 Dental Insurance Program

1.3.1 Eligibility

The State of Iowa dental plans are available to approximately 30,000 active and retired State employees in the Executive, Legislative, and Judicial branches. Not eligible for the plans are temporary employees, permanent part-time employees working less than 20 hours per week and Regents supervisory, professional and scientific employees. Administration of this program is not included in this RFP.

1.3.2 Dental Plans Offered

The State offers two comprehensive dental plan options based on bargaining unit. The AFSCME plan is the plan design for AFSCME, AFSCME Judicial, PPME, and non-contract employees. IUP is the only union with the Standard plan design.

| | Standard Plan |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Diagnostic & Preventive <ul style="list-style-type: none">• Routine examinations and teeth cleaning once every six (6) months.• Bite-wing x-rays at twelve month intervals.• Full mouth x-rays once in any three-year interval unless special need is shown.• Topical fluoride applications as prescribed by the dentist for unmarried dependent children, but not more than once in any twelve month interval. | 100% of UCR |
| Routine and Restorative <ul style="list-style-type: none">• Regular cavity fillings (amalgam, stainless steel crowns, synthetic porcelain and plastic fillings).• Emergency treatment for relief of pain.• Oral surgery (tooth extractions and other oral surgery, including pre and post-operative care).• Topical applications of sealants for unmarried dependent children who are less than 15. Not more than a single application for each molar. Lifetime maximum per member \$120.00. | 80% of UCR |
| Major Restorative <ul style="list-style-type: none">• Root canals.• Gold fillings when other filling material can be used.• Crowns and jackets when necessary and filling cannot be used. | 50% of UCR |
| Periodontal <ul style="list-style-type: none">• Non-surgical treatment for gum and bone (alveolar) diseases (non-surgical periodontics).• Surgical treatment for gum and bone (alveolar) diseases | 50% of UCR |

SECTION 1. INTRODUCTION AND BACKGROUND

| | |
|------------------------------------------------------------------------|--------------------|
| Prosthetics • Cast restorations. | 50% of UCR |
| Orthodontics • \$1,500 lifetime maximum plan payment per dependent. | 50% of UCR |
| Annual Maximum | \$1,500 per person |

1.4 Life Insurance Plan

1.4.1 Eligibility

The group term life plan is available to approximately 25,000 active State employees in the Executive, Legislative, and Judicial branches. An employee is eligible for group life insurance on the first day of the month following thirty (30) days of continuous full-time employment. Full-time employment is defined, for the purpose of life insurance, as working 30 or more hours per week.

1.4.2 Coverage

Employees under age 65 are provided \$10,000 or \$20,000 of group term life insurance coverage based on their bargaining status.

Full-time employees have the option of applying for supplemental life insurance coverage plus an equal amount of group accidental death and dismemberment (AD & D) coverage. Supplemental life insurance may be purchased in \$5,000 increments and the maximum amount of coverage available varies by bargaining unit.

The first \$5,000 of additional coverage is guaranteed issue if applied for within the first 31 days of employment. Employees can apply for additional coverage at any time subject to Prudential's evidence of insurability underwriting requirements.

Upon the employee's termination from State service, the life insurance policy may be converted to an individual whole life policy.

1.5 Long Term Disability (LTD) Insurance Plan

1.5.1 Eligibility

The State's group LTD plan is available to approximately 25,000 active State employees in the Executive, Legislative, and Judicial branches. An employee is eligible for group LTD insurance on the first day of the month following thirty (30) days of continuous full-time employment which is defined as working 30 or more hours per week.

1.5.2 Coverage

The monthly LTD benefits vary based on the length of State employment and include:

SECTION 1. INTRODUCTION AND BACKGROUND

| Employed | Benefit | Maximum Monthly Benefit |
|----------------------------------|---------|-------------------------|
| Less than one year | 20% | \$667 |
| One year but less than two years | 40% | \$1,333 |
| Two years or more | 60% | \$2,000 |

- Minimum benefit of \$50 per month.
- Benefit is offset by primary and family social security, workers' compensation, and other state sponsored sickness or disability benefits excluding retirement system benefits.
- Waiting period is 90 working days of the use of all accrued sick leave, whichever is greater.
- Employees receive 18 days of sick leave per year with no maximum carry over amount.

1.6 Cafeteria Plan

The State of Iowa sponsors a cafeteria plan that contains a medical reimbursement flexible spending account, a dependent care flexible spending account, and a premium conversion plan. The State administers the premium conversion plan. The State contracts with a third party administrator to administer the flexible spending accounts.

The premium conversion plan allows employees to pay their health, medical, and life insurance premiums on a pretax basis. These plans cover eligible employees employed by the State of Iowa, including all three branches of government, eight community-based correctional districts, the Iowa Fair Board, and the Schools for the Deaf and Blind.

The current medical reimbursement maximum limit is \$2,500, although the State has considered raising the limit.

SECTION 2: ADMINISTRATIVE PROCEDURES AND PROCUREMENT PROCESS

2.1 RFP Coordinator

The RFP Coordinator, identified below, is the sole point of contact regarding the RFP from the date of issuance until selection of the successful bidder. Deloitte Consulting LLP, the State's employee benefits consultant, will assist in the RFP process.

Ed Holland, CEBS
Department of Administrative Services-HRE
400 E 14th Street
Des Moines, IA 50319
ed.holland@iowa.gov
FAX (515) 242-5157

2.2 Restriction on Communication

From the date of issuance of this RFP until announcement of the successful bidder, bidders may contact only the RFP Coordinator. The RFP Coordinator will respond only to written questions (including e-mail) regarding the procurement process. Questions related to the interpretation of this RFP must be submitted in writing to the RFP Coordinator in accordance with the timeline set forth in this RFP. In the event that a bidder or someone acting on the bidder's behalf attempts to discuss the RFP orally or in writing, with any employee of the State of Iowa, the bidder may be disqualified. Bidders may continue to communicate with State staff regarding other business matters relative to State business.

2.3 Procurement Timetable

The dates set forth below are for informational purposes only. The State reserves the right to change the dates.

| Action | Date |
|-------------------------------------------|----------------------------------|
| Invitation to Bid Issued | February 17, 2006 |
| Deadline for Receipt of Bidder Questions | March 3, 2006 |
| State Issues Response To Bidder Questions | March 10, 2006 |
| Bid Receipt Deadline | March 31, 2006 4:00 p.m. Central |
| Bids Evaluated and Scored | April 2006 |
| Executive Council | September 2006 |
| Annual Enrollment period begins | October 2006 |
| Plan Year begins | January 1, 2007 |

2.4 Submission of, and Responses to, Written Questions

All inquiries, including any questions related to the terms and conditions of this RFP, should be made in writing and submitted to the RFP Coordinator at the address noted. Oral inquiries will not be accepted. The RFP Coordinator must receive all inquiries in writing **no later than 4:00 p.m.**

SECTION 2: ADMINISTRATIVE PROCEDURES AND PROCUREMENT PROCESS

CDST, March 3, 2006. The State's responses to questions will not identify the submitter and will be posted to the IDOP web site at <http://www.das.hre.iowa.gov> on or before March 10, 2006.

2.5 Amendment to the Request for Proposal

The State reserves the right to amend the RFP at any time. In the event it becomes necessary to amend, add to, or delete any part of the RFP, an amendment will be provided to all bidders who requested the original RFP, and will be posted on the IDOP web page at <http://www.das.hre.iowa.gov>. A bidder's response must include acknowledgement of any addenda.

2.6 Submission of Proposals

The proposal submitted by your company will constitute your company's unqualified consent to all of the procedures below.

- 2.6.1.** The proposal submitted in response to this invitation will be considered the only submission after the due date. Revised proposals will not be permitted after proposals are opened, unless the State requests additional or clarifying information. However, prior to the proposal due date, a submitted proposal may be withdrawn by submitting a written request for its withdrawal to the RFP coordinator and signed by the bidder. Once a proposal is opened, it will be considered a firm and binding proposal, and may not be withdrawn from consideration.
- 2.6.2.** Proposals facsimiled or electronically mailed will not be accepted. It is the bidder's responsibility to ensure that the proposal has been received by the deadline. Post marking by the due date will not substitute for actual receipt.
- 2.6.3.** In all cases, no verbal communication shall override written communication from the State of Iowa or the RFP Coordinator. No one is authorized to amend the specifications in any respect by any oral statement or to make any oral representation or interpretation in conflict with the provisions of the specifications.
- 2.6.4.** Bidder representatives shall not contact any State official or staff member other than the RFP Coordinator to explain, amplify, or discuss submitted proposals. All such communications shall be with the RFP Coordinator. For violation of this provision, the State shall reserve the right to reject the proposal by that bidder. Bidders may continue to communicate with State staff regarding other business matters relative to State business.
- 2.6.5.** Proposals are to be prepared assuming an effective date of January 1, 2007.

SECTION 2: ADMINISTRATIVE PROCEDURES AND PROCUREMENT PROCESS

- 2.6.6.** Sealed proposals must be clearly identified on the envelope as outlined below and submitted to the RFP Coordinator no later than **4:00 p.m. CDST, March 31, 2006**. Late proposals will be returned unopened.

The proposals are to be in two parts. One part is to be a sealed "**Technical Proposal**". *(Note: All proposers must complete and include the attached **Proposal Checklist** with the Technical Proposal to verify that all RFP submission requirements have been met).* The second part is to be a sealed "**Cost Proposal**". The Cost Proposal should be provided only to Deloitte and will be evaluated if all of the mandatory requirements are met by the bidder in the technical proposal.

Required fee quotation formats are provided electronically and in the Cost Proposal sections of this document. Vendors are required to complete the forms as provided in this solicitation. .

One (1) original and eight (8) copies of the **Technical Proposal** must be submitted to:

Ed Holland
Risk & Benefits Management Administrator
State of Iowa
Grimes State Office Building
East 14th and Grand Avenue
Des Moines, Iowa 50319-0150

One (1) paper copy of the **Technical Proposal and the Cost Proposal** as well as one (1) full electronic file copy must be submitted to:

Jill Korsh
Deloitte Consulting LLP
400 One Financial Plaza
120 South Sixth Street
Minneapolis, Minnesota 55402-1844

2.7 Costs of Preparing the Proposal

Costs incurred for developing a proposal are the sole responsibility of the bidder. There will **not** be any reimbursement for these costs. If the State should determine that bidder interviews are necessary, any costs associated with oral presentations to the State will be the responsibility of the bidder and will in no way be billable to the State.

2.8 Right to Negotiate with Finalists

The State reserves the right to negotiate benefit plan amendments and/or modifications to financial, administrative, or enrollment arrangements with the bidder(s) selected to administer the plan.

SECTION 2: ADMINISTRATIVE PROCEDURES AND PROCUREMENT PROCESS

2.9 Waiver of Deficiencies & Nonmaterial Variations

The State reserves the right to waive or permit cure of nonmaterial variances in a proposal provided, however, such waiver will be based on the best interest of the State. Nonmaterial variances include minor informalities that do not affect responsiveness, variances that are merely a matter of form or format, variances that do not change the relative standing of other bidders, variances that do not prejudice other bidders, variances that do not change the meaning or scope of the RFP, or variances that do not reflect a material change in the services.

Failure to provide any mandatory requirements or information shall not be considered a nonmaterial variation that the State can waive or permit cure. In the event the State waives or permits cure of nonmaterial variances, such a waiver or cure will not modify the RFP requirements or excuse the bidder from full compliance with RFP specifications or other contract requirements if the bidder is awarded the contract. The determination of whether a particular matter constitutes a material or nonmaterial variation from the RFP is within the sole discretion of the State.

2.10 Rejection of Proposals

At any time prior to the execution of the written contract, the State of Iowa reserves the right to reject any or all bids at its discretion in whole or in part, to amend and reissue this RFP, to advertise for new proposals, to abandon the need for such services, and to cancel this RFP if it deems such actions to be in the best interests of the State. A proposal will be rejected outright and not evaluated if a bidder fails to deliver its proposal by 4:00 p.m. CDST, on the due date.

2.11 Copyrights

By submitting a proposal, the bidder agrees that the State may copy the proposal for purposes of facilitating the evaluation of the proposal or to respond to requests for public records. By submitting a proposal, the bidder consents to such copying and warrants and represents that such copying will not violate the rights of any third party. The State will have the right to use ideas or adaptations of ideas that are presented in the proposals.

2.12 Public Records and Requests for Confidentiality

- 2.12.1.** All information submitted by a bidder may be treated as a public record by the State unless the bidder properly requests that information be treated as confidential information at the time its proposal is submitted. The laws of the State of Iowa require that at the conclusion of the selection process, the contents of all proposals be placed in the public domain and be open to inspection by interested parties pursuant to Iowa Code chapter 22.
- 2.12.2.** Any request for confidential treatment of information must be included in the transmittal letter with the bidder's proposal. In any such request, the bidder must enumerate the specific grounds under Iowa Code chapter 22 that support the treatment of materials as confidential and must also explain why disclosure of the information is not in the best interest of the public.

SECTION 2: ADMINISTRATIVE PROCEDURES AND PROCUREMENT PROCESS

2.12.3. Any documents submitted which contain confidential information must be marked on the outside as containing confidential information, and each page upon which confidential information appears must be marked as containing confidential information. The confidential information must be clearly identified to the reader where it appears. All copies of the proposal submitted, as well as the original, must be marked in this manner. Identification of the entire proposal as confidential shall be deemed non-responsive and shall disqualify the bidder.

2.12.4. The information marked confidential shall be treated as confidential information to the extent such information is determined to be confidential under Iowa Code chapter 22 or other provisions by a court of competent jurisdiction.

2.12.5. In the event the State receives a request for information marked confidential, written notice shall be given to the bidder prior to the release of the information to allow the bidder to seek injunctive relief pursuant to Iowa Code section 22.8.

2.12.6. A bidder's failure to request confidential treatment of material pursuant to this section and the relevant laws will be deemed by the State as a waiver of any right to confidentiality that a bidder may have had.

2.13 Proposals Property of the State

All proposals become the property of the State of Iowa and will not be returned to the bidder.

2.14 Construction of RFP and Laws and Rules

This RFP is to be construed in light of pertinent legal requirements. Changes in applicable laws and rules may affect the award process or the resulting contract. Bidders are responsible for ascertaining pertinent legal requirements and restrictions.

2.15 Release of Claims

By submitting a proposal, each bidder agrees that it will not bring any claim or have any cause of action against the State of Iowa based on any misunderstanding concerning the information provided in this RFP or concerning the State's failure, negligence or otherwise to provide the bidder with pertinent information as intended by this RFP.

2.16 Proposals Duration

Any submitted proposal shall remain a firm, valid proposal for twelve (12) months after the proposal due date.

2.17 Gratuities

Iowa law provides that it is a felony to offer, promise or give anything of value or benefit to a State employee with the intent to influence that employee's acts, opinion, judgment or exercise of discretion with respect to that employee's duties.

SECTION 3: GENERAL TERMS AND CONDITIONS OF THE CONTRACT

The contract that will be awarded as a result of this RFP will be based upon the proposal submitted by the successful bidder. The State of Iowa reserves the right to award a contract without further negotiation with the successful bidder or to negotiate contract terms with the selected bidder if the best interests of the State would be served.

Attached to and made part of this RFP are the State of Iowa's standard contract and proposed MCO medical insurance administration contract applicable to this RFP (Attachment 3). Inclusion of these contracts in no way represents an offer to contract.

The State acknowledges that the standard contract language will need to be incorporated into a contract for this type of service. However, the provisions and general language will be required to be reflected in any resulting agreement.

Proposals must include a redlined (deletions shown with strikeouts, additions shown with underlining) copy of the attached standard contract showing any and all change(s) that the bidder would propose to make. Any deviations to the requested services or contract terms should be clearly noted in the Deviations Worksheet, Attachment 2. Any contract language that is not modified with redlining shall be deemed to indicate that the bidder is willing to agree to that contract language as written. **The number, nature and extent of requested contract revisions in each bidder's proposal will be an evaluation factor.**

SECTION 4: SERVICE REQUIREMENTS AND MINIMUM QUALIFICATIONS

4.1 Description of Desired Services

The purpose of this RFP is to provide managed health care benefits and administrative services to the State and its eligible members. The selected bidder(s) shall provide fully insured coverage and administrative services.

The State of Iowa is soliciting proposals from qualified companies to provide managed health care insurance benefits and administrative services to the State and its eligible employees. The selected bidder(s) will provide such services effective January 1, 2007. The selected bidder(s) will also be expected to project costs for collective bargaining and proposed legislation, as well as assume fiduciary responsibilities for the plan. The selected bidder(s) will also be expected to provide pharmacy benefits management. For this RFP, proposals are required for a fully insured arrangement. Vendors may select to bid an open, closed or both open and closed network MCO plans.

4.1.1 Desired Plan Designs

The desired plan designs are the same as the current plan designs as changes are determined by collective bargaining. Vendors should review the benefit comparison document for 2006 and the electronic benefit certificates provided at the State's web site: <http://www.das.hre.iowa.gov> under the State Benefits tab. The current benefit design is also provided in Attachment 3

4.1.2 Medical Plan Desired Funding Arrangement

For 2007, the State is requesting a fully insured arrangement(s).

4.1.3 Employee Contributions

The State pays 100% of the single contract premium. For AFSCME, AFSCME Judicial, PPME, and Non-contract Judicial family plans the State contributes 85% of the AFSCME PPO plan total premium. This same dollar amount is then applied towards the MCO plan family premiums. For UE/IUP MCO plan family coverage, the State contributes 72% of the UE/IUP Indemnity plan total premium. This same dollar amount is then applied towards the MCO plan family premiums.

4.2 Telephone Services

The Contractor shall maintain a toll-free telephone number to respond to Participant inquiries as well as a toll-free TDD line for hearing impaired Participants. Upon proper identification, the Contractor shall, to the extent possible, answer inquiries over the telephone. The Contractor shall also provide an interactive voice response toll-free telephone system, which will enable Participants to obtain current, personalized information as well as general information concerning the Plan.

4.3 Minimum Bidder Qualifications

The following criteria must be met in order to be considered a full response to this RFP:

SECTION 4: SERVICE REQUIREMENTS AND MINIMUM QUALIFICATIONS

- Ability to provide a medical provider network that covers at least 50 percent of the State's counties as determined by the Iowa Insurance Division.
- Ability to administer the State's required plan design.
- Demonstrated organizational financial stability.
- Adherence to RFP timelines and requirements.
- Responses to all questions.
- Experience serving large public sector clients and union groups.
- Satisfactory references.

4.4 Minimum Proposal Qualifications

4.4.1 Signature of Officer Binding the Bidder. The offer made by the proposal, and any clarifications to that proposal, shall be signed by an officer of the proposing bidder empowered to bind the bidder in a contract.

4.4.2 Acceptance of Terms and Conditions. Each bidder shall specifically stipulate that the proposal is predicated upon the acceptance of all terms and conditions stated in the RFP, and all attachments. If the bidder objects to any term or condition, it shall make specific reference to the RFP page and section number(s) at issue. Objections or responses that materially alter the RFP shall be deemed non-responsive and shall disqualify the bidder.

4.5 Minimum Experience

The bidder must have current experience providing an insured group medical insurance product to at least one other employer with 5,000 or more employees. Current public sector, union group, or Iowa-specific experience is preferred.

4.6 Errors and Omissions Insurance

Each bidder must either provide a copy of a certificate of insurance (not a statement or policy number) showing errors and omissions coverage with a minimum limit of \$1,000,000 per occurrence; or demonstrate that the bidder has alternative mechanisms, either through self-funding or another mechanism, to indemnify the State from such errors and omissions with a minimum limit of \$1,000,000 per occurrence (e.g., a letter from an officer of the company confirming adequate protection).

If this requirement is met through the maintenance of "errors and omissions insurance", all certificates shall contain the following certification and cancellation terms in the same or substantially similar form:

"I hereby certify that I am an authorized representative of each of the insurance companies listed above, and the coverage afforded under the policies listed above will not be cancelled, materially changed, or allowed to expire unless sixty (60) days written notice has been received by the State of Iowa".

Name of Issuing Agency

SECTION 4: SERVICE REQUIREMENTS AND MINIMUM QUALIFICATIONS

Signature of Authorized Representative

Address of Issuing Agency

Date of Issue of E&O Insurance _____

4.7 Iowa Registration

The bidder must be qualified to do business in the State of Iowa and must be registered with the appropriate state authorities.

SECTION 5: FORMAT AND CONTENT OF PROPOSAL

These instructions prescribe the format and content of the proposal and are designed to facilitate the submission of a proposal that is easy to understand and evaluate. Failure to adhere to the proposal format shall result in the disqualification of the proposal.

5.1 Instructions

- All proposals should be prepared simply and economically providing a direct, concise delineation of the bidder's proposal and qualifications. Proposals must meet the criteria set forth in this Section. A proposal checklist has been provided and must accompany submissions.
- Proposals should be typed or printed on 8.5" x 11" paper (one side only).
- All pages of proposals must have consecutive page numbers.
- The bidder must also submit one copy of the proposal from which confidential information has been excised. The confidential material must be excised in such a way as to allow the public to determine the general nature of the material and to retain as much of the proposal as possible.
- Proposals must respond to RFP requirements and questions by restating the number and text of the requirement in sequence and writing the response immediately after the restated requirement.
- No commissions will be payable.
- The program will have an effective date of January 1, 2007.
- All fees are to be guaranteed for 1 year; guarantees beyond this time frame will be viewed favorably.
- Dates of service incurred on and after the effective date are covered.
- Any reinsurance agreements or joint administration arrangements must be described in detail in your proposal and will be subject to approval by the State.
- Proposers must comply with the minimum performance objectives outlined in this RFP.
- **If your proposal is different in any way (whether more or less favorable) from that indicated in this RFP, clearly indicate any and all deviations in Attachment 2. If you do not, the submission of your proposal will be deemed a certification that you will comply in every respect (including, but not limited to, coverage provided, funding method requested, benefit exclusions and limitations, underwriting provisions, etc.) with the requirements set forth in this RFP. If you are unable to perform any required service indicate clearly: a) what you are currently unable to do; and, b) what steps will be taken (if any) to meet the requirement, the timetable for that process and who will be responsible for the implementation, along with that person's qualifications.**

5.2 Table of Contents

All proposals must include a table of contents and appropriate page number references.

5.3 Transmittal Letter

A transmittal letter is required. The transmittal letter shall be signed by an individual authorized to legally bind the bidder. The letter shall include the bidder's mailing address, telephone number, fax number, and email address.

A request for confidential treatment of information shall be included in the transmittal. Any request for confidential treatment must comply with all requirements for such requests as by

SECTION 5: FORMAT AND CONTENT OF PROPOSAL

Section 1 of the RFP. The absence of a request for confidential treatment shall be construed to mean that no portion of the proposal is requested by the bidder to be kept confidential.

5.4 Proposal Certification

Each bidder will sign and submit a certification stating that the contents of the proposal are true and accurate. The substance and form of the proposal certification is included in Attachment 4 to the RFP. The proposal certification must be on the bidder's letterhead and signed by an individual with authority to legally bind the bidder. Failure to provide the certification required by this Section shall result in the rejection of the proposal as noncompliant.

5.5 Contents of Proposal

The proposal submitted must respond to each section of the RFP. Specifically, the proposal must respond to each section of the RFP by restating the number and text of the requirement in sequence and writing the response immediately after the restated requirement indicating, where appropriate, that bidder has read, understands and will comply with the section or provide the required narrative response.

5.6 Certification of Independence and No Conflict of Interest

As Attachment 5 to the Proposal, each bidder shall sign and submit a certification stating that the proposal was developed independently and that no relationship exists, or will exist during the contract period, between bidder and the State that interferes with, or might interfere with, fair competition or is, or might be, a conflict of interest. The substance and form of the certification of independence and no conflict of interest is included as Attachment 5 to the RFP. This certification must be on the bidder's letterhead and signed by an individual with authority to legally bind the bidder in contract. Failure to provide the certification required by this section shall result in the rejection of the proposal as noncompliant.

5.7 Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion

As Attachment 6 to the Proposal, each bidder shall sign and submit with the proposal a certification stating that it is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from providing services or transactions by any federal or state department/agency. The substance and form of the certification regarding debarment, ineligibility, and voluntary exclusion is included as Attachment 6 to the RFP. This certification must be on the bidder's letterhead and signed by an individual with authority to legally bind the bidder in contract. Failure to provide the certification required by this section shall result in the rejection of the proposal as noncompliant.

5.8 Authorization to Release Information

As Attachment 7 to the Proposal, each bidder shall sign and submit with the proposal an authorization for the release of information to the State. The substance and form of the authorization is included as Attachment 7 to the RFP. This authorization must be on the bidder's letterhead and signed by an individual with authority to legally bind the bidder in contract. Failure to provide the authorization required by this section shall result in the rejection of the proposal as noncompliant.

SECTION 6: EVALUATION OF PROPOSALS

6.1 Award Process

The RFP Coordinator will review all proposals for compliance and qualification in terms of the service requirements and minimum qualifications. Following this initial review, an Evaluation Committee will review and score all compliant technical proposals. Deloitte Consulting will review and score the cost proposals. Finalists will be selected based on the technical and cost proposal scores. The State currently contracts with four MCO insurance carriers and may choose to contract with this number or fewer carriers in the future to meet the needs of its employee population.

The committee will consider all information provided in the proposal when scoring proposals and may consider relevant information from other sources. The State of Iowa reserves the right to award this contract not necessarily to the firm(s) with the lowest cost but to the firm which will provide the best match to the needs and priorities of the State and its employees.

6.2 Evaluation Process

The RFP Coordinator will conduct an initial review of minimally qualified candidates to select a reasonable number of finalists for review by the Evaluation Committee. The Committee will review and evaluate technical proposals and the State's employee benefits consultant, Deloitte, will review cost proposals. Representatives of the Committee may perform reference checks of the finalists and will report the findings to the Committee. A final round of evaluation may include interviews of finalists.

The Evaluation Committee will assign points for each of the evaluation criteria set forth in Section 6.3. The committee will base the points on its assessment of the bidder's response to each section.

After analyzing the Evaluation Committee's scores the RFP Coordinator will prepare a recommendation as to the bidder(s) that should be selected by the State. The State may, in addition to consideration of written proposals:

- Conduct interviews and hear personal presentations from the representatives of vendors selected as finalists.
- Complete reference checks, visit bidder facilities, and take whatever additional actions are deemed appropriate in order to evaluate each bidder's service capabilities.
- Hold any additional meetings that may be required to negotiate a satisfactory contractual arrangement.

6.3 Evaluation Criteria and Scoring

6.3.1. Basis for Evaluating Proposals

A. Areas of review. The selection of the bidder will be based on the State's evaluation of each bidder in the following areas:

- Scope of services;
- Network with accessibility on a cost-effective basis to high-quality medical providers;
- Past performance in administering medical benefit plans as ascertained by reference checks of the largest group clients;

SECTION 6: EVALUATION OF PROPOSALS

- The professional experience and number of staff assigned to the State's account;
- The extent to which the requirements listed in all sections of this RFP are met or exceeded;
- Willingness to enter into a performance-based contract;
- Compliance with contract as proposed;
- Responses to the questions - answers that state it is the vendor's policy not to respond to a given question will be seen as non-responsive and no points will be given for that response;
- Demonstrated financial strength, organizational size, and organizational stability; and
- Cost.

B. Preference for Iowa-based companies. In accordance with Iowa Code Section 18.6(10), preference will be shown to Iowa-based companies where proposals submitted are comparable in price and meet the required specifications.

6.3.2. Evaluation Criteria and Scoring

A. Provider Network Offered (250 Points)

1. Number and location of providers in MCO network
2. Efficiency of network including discounts available
3. Provider credentialing and network maintenance

B. Customer Service (100 Points)

1. Qualifications of staff assigned to service the State
 - Education (required and ongoing)
 - Training
2. Service unit proposed
3. Problem resolution and member satisfaction
4. Availability of customer service assistance to State employees and personnel
5. Employee education and communication vehicles

C. Administration (150 Points)

1. Administrative capability and suitability
2. Ability to duplicate requested benefits
3. Claims processing and service staff
4. Speed of claims processing
5. Pharmacy benefit management services
6. Objective performance measures of accuracy and timeliness of claims processing
7. Technological capabilities
8. Data reporting capabilities
9. Proposed business plan

D. Experience (75 Points)

SECTION 6: EVALUATION OF PROPOSALS

1. Experience with large organizations (5,000 employees or more)
2. Experience with public-sector employers
3. Experience with unionized work force

E. Organizational Qualifications (75 Points)

1. History
2. Financial strength and stability
3. Adequate size

F. Cost (350 Points)

1. Premium cost for fully insured medical insurance
2. Length of guaranteed rate of premiums
3. Premium underwriting and renewal approach

TOTAL 1,000 Points

6.4 Notification of Successful Bidder

After award of the contract(s), all bidders will be notified of the successful bidder(s).

6.5 Verification of Proposal and Contract Negotiation

The bidders shall meet all applicable contracting requirements imposed by this RFP and Iowa law. The successful bidder must, in a timely manner, enter into the contract with the State to implement the services contemplated by this RFP. It is expected that all such documentation will be executed within forty-five (45) days after the notification of the award. Failure of the successful bidder to agree to the terms of contract within that time period may be grounds for the State to award the contract to another compliant bidder.

6.6 Authority of the Department of Administrative Services

The Department of Administrative Services shall determine the quantity, quality, and acceptability of work and materials purchased under this contract. The Department shall decide all questions regarding performance and fulfillment of the contract, including the obligations of the contractor.

SECTION 7: PROPOSAL QUESTIONNAIRE

In order for your proposal to be considered and accepted, your organization must provide answers to the questions presented in this section. Each question must be answered specifically and in detail. Answers that state it is the vendor's policy not to respond to a given question will be seen as non-responsive and no points will be given for that response. Include both the question and the answer in your proposal. An electronic copy of this questionnaire has been provided to facilitate your response.

Reference should not be made to a prior response unless the question involved specifically provides such an option. Be sure to refer to the earlier sections of this RFP before responding to any of the questions, so that you have a complete understanding of all of the State's requirements with respect to the bid.

Please include any additional information in your proposal that you consider useful to the State. However, responses to all of the questions set forth below must be provided.

If this proposal results in your company being awarded a contract and if, in the preparation of that contract, there are inconsistencies between what was proposed and accepted versus the contract language that has been generated and executed, any controversy arising over such discrepancy will be resolved in favor of the language contained in the proposal or correspondence relating to your proposal. **Vendors must clearly note any and all deviations in the Deviations Worksheet in Attachment 2.**

Answers that state it is the vendor's policy not to respond to a given question will be seen as non-responsive and no points will be given for that response.

7.1 Company Organization, Strength and Experience

1. Provide a brief description of your organization, including your company history, organizational structure, services provided, and length of time you have been in the medical benefits insurance and administration business. Describe any pending agreements to merge or sell the company.
2. Vendors responding to this RFP must be able to substantiate their financial stability. Provide a copy of your audited financial statement or other financial information. Include, at a minimum, a Balance Sheet and a Profit and Loss Statement, together with the name and address of the bank(s) with which you conduct business and the public accounting firm(s) that audit your financial statements. Other sufficient information may include a written statement from a financial institution confirming the creditworthiness and financial stability of the bidder.
3. Is there any pending litigation against the company not disclosed in the most recently audited financial statements? If so, give details and provide an opinion of counsel that the pending litigation will not impair the company's performance.
4. Indicate whether your company has ever been a party to litigation regarding a medical benefit plan contract or agreement. If so, provide details of the specifics. Failure to disclose may constitute grounds for rejection of any proposal for termination of any contract.
5. State whether the bidder, its officers, agents or employees, who are expected to perform services under the State's contract, have been disciplined, admonished, warned, or had its license, registration, charter, certification, or any similar authorization to do business suspended or revoked for any reason.
6. What is your total number of clients for medical insurance? In the table below, provide the average number of enrollees (or members) for the geographic areas and time periods specified:

SECTION 7: PROPOSAL QUESTIONNAIRE

| | USA (including Iowa) | Iowa |
|--------------------|-------------------------|------|
| As of January 2004 | | |
| As of January 2005 | | |
| As of January 2006 | | |

7. What is the average size of your medical insurance clients (in terms of members)? What is the size of your largest client (number of members)?
8. What ratings have you received from the following rating companies?

| Company | Rating |
|-------------------|--------|
| A.M. Best | |
| Standard & Poor's | |
| NCQA | |
| JCAHO | |

9. State whether your organization is a small business or certified targeted small business as defined in Iowa Code section 15.102.
10. What fidelity and surety insurance or bond coverage do you carry to protect your clients? Specifically describe the type and amount of the fidelity bond insuring your employees that would protect this plan in the event of a loss. Do you agree to furnish a copy of all such policies for review by legal counsel if requested?

7.1.2 References and Experience

11. Provide the following detailed information on a maximum of three (3) of the company's largest medical benefit plans in which you provide medical network, insurance and administrative services. Public sector references of similar size to the State of Iowa are preferred.
 - a. Name of employer sponsoring plan
 - b. Date the vendor was hired
 - c. Plan inception date
 - d. Number of individuals participating in the plan
 - e. Number of individuals eligible to participate
 - f. Types of services provided to plan sponsor
 - g. Contact information (name, phone number, fax number, email address)
12. Has your organization ever held a contract with the State of Iowa? If so, specify dates, contracting department, the name and title of the state official overseeing the contract, and the services performed.
13. Provide details on specific experience your company has had in each of the following areas. Public sector examples are preferred. (Details will include plan category, name of the employer sponsoring plan, the number of participants involved, and the size of the plan.)
 - a. Providing medical insurance.
 - b. Accurate payment of claims.
 - c. Providing a medical network in the state of Iowa.
 - d. Operating an interactive voice response telephone system for participants.
 - e. Designing written communication items, such as forms, brochures, PowerPoint presentations, and flyers to be provided to Participants.
 - f. Receiving electronic eligibility data from employer plan sponsors.

SECTION 7: PROPOSAL QUESTIONNAIRE

14. State whether, during the preceding three-year period, the bidder has been terminated by any large (>1,000 employees) client. If bidder has been terminated on any medical benefit plan contract, identify each such contract, provide a description of the facts and circumstances of the termination, and provide the name, address, and telephone number of a contact person with the entity with whom the bidder had the contract.
15. State whether, during the preceding three-year period, the bidder has terminated a contract prior to the expiration of the stated contract term. If so, list all such contracts, provide a description of the facts and circumstances of each termination, and provide the name, address, and telephone number of a contact person with the entity with whom the bidder had the contract.

7.2 Implementation and Account Management

16. Describe the timetable and specific tasks involved to have your medical program operative for the 2007 Plan Year Enrollment (October 2006). Include a detailed implementation plan and business plan or timeline. Be specific with regard to the following:
 - Timing of significant tasks
 - Responsibilities of State of Iowa
 - Transition with incumbent carrier(s)
 - Length of time implementation team will be responsible for the State of Iowa
17. Describe your process for handling transition of care issues. Please be specific with respect to inpatient and outpatient services and identify the diagnoses you typically authorize for extended transition of care.
18. Designate the names, titles, location, telephone numbers, email addresses, and fax numbers of the following representatives of the company. For the account service individuals listed, provide brief biographical information, such as years of service with your company, experience as it relates to this proposal, and the number of clients for which they perform similar services.
 - a. The key individual representing your company during the proposal process;
 - b. The key individuals on your proposed implementation team;
 - c. The key individual who will be assigned overall contract management; and
 - d. The key individual responsible for day-to-day service.

SECTION 7: PROPOSAL QUESTIONNAIRE

19. Please provide the following information on the specific areas listed below that will be servicing the State of Iowa.

| | Geographical Location(s) | Hours of Operation (Specify PST/CST/EST) | Is this service Outsourced? Yes or No? <i>If Yes, provide name of company to which the function is outsourced</i> |
|------------------------------------|-------------------------------------|---------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Member Service Center | | | <input type="checkbox"/> Yes Specify Company Name: _____ <input type="checkbox"/> No |
| Claims Administration Office | | | <input type="checkbox"/> Yes Specify Company Name: _____ <input type="checkbox"/> No |
| Account Management Office | | | <input type="checkbox"/> Yes Specify Company Name: _____ <input type="checkbox"/> No |
| Utilization Management | | | <input type="checkbox"/> Yes Specify Company Name: _____ <input type="checkbox"/> No |
| Pharmacy Benefit Management | | | <input type="checkbox"/> Yes Specify Company Name: _____ <input type="checkbox"/> No |
| Other (Specify functional area) | | | <input type="checkbox"/> Yes Specify Company Name: _____ <input type="checkbox"/> No |

20. As an attachment to the Proposal, provide a sample of standard management reports that you would agree to provide the State. Include the timing and frequency of these reports.

7.3 Claims and Eligibility Administration

21. Please describe any qualifications or clarifications you would like to make regarding your company's ability to meet the requirements stated in this RFP.
22. Verify that you are willing to accept fiduciary responsibility for the plan. If so, what services do you provide as the fiduciary?
23. Describe any limitations or accommodations you will need to make to administer the program as described. Are there any benefits in the State of Iowa plan design that would require manual intervention? If yes, please describe.
24. Please provide samples of the following:

SECTION 7: PROPOSAL QUESTIONNAIRE

- Provider directories for the State of Iowa
- Sample claim forms
- Sample identification cards
- Medical Explanation of Benefits (EOB)
- Enrollment form/kits
- Sample billing statement
- Other, please describe

Is there an additional charge for this material? Can these be customized for the State of Iowa?
Is there a cost for this service? Can you provide identifications cards that do not list participant social security numbers?

25. How long does it take your organization to produce ID cards after receipt of clean eligibility data?
26. How do you approach coverage continuations for employees terminating State employment? What conversion options are available to employees when they leave employment?
27. Please describe the claims payment process for participant claims. Describe your claims turnaround times and processes for the medical plan administration.
28. Please complete the table below:

| | Percentage (%) |
|----------------------------------------------------------------------|----------------|
| a. What percentage of Hospital Claims are submitted electronically? | |
| b. What percentage of Physician Claims are submitted electronically? | |
| c. What percentage of Hospital Claims are auto adjudicated? | |
| d. What percentage of Physician Claims are auto adjudicated? | |

29. How often are provider directories updated? Will both hard copy and on-line provider directories be available to the State of Iowa?
30. Do you offer an open or closed (i.e., referral-based or non-referral) network? Do you require that members designate a primary care physician (PCP) to direct member care?
31. How long has your claims system been operational? Is your claims administration software developed internally or purchased from an external vendor? Do you expect to make any major system changes (i.e., move locations, upgrades, etc.) in the next 24 months? If yes, what are they and how will this impact the State of Iowa?
32. Please provide details concerning your COB procedures and savings. For example, please provide the following information for the claim office(s) you propose to use:
- What information does your system maintain on spouse's employment, date of birth, other coverage, etc., for COB purposes?
 - Do you have computer edit checks or triggers to initiate COB application? What are they?
33. Describe your utilization management and large case management programs. What is the process for identification of patients for large case management and how claims are transferred to case managers? Finally, what is the ratio of case managers to cases managed?

SECTION 7: PROPOSAL QUESTIONNAIRE

7.3.1 Disease Management

34. Please complete the following chart based on your disease management program.

| | Included in Premiums Proposed | Start of Program (Yr) | In Development or Current Program | In-house or Outsourced | Outsourced Vendor Name |
|----------------------------|-------------------------------|-----------------------|-----------------------------------|------------------------|------------------------|
| Diabetes | | | | | |
| Asthma | | | | | |
| Cancer | | | | | |
| Depression | | | | | |
| Hypertension | | | | | |
| Low Back Pain | | | | | |
| Congestive Heart Failure | | | | | |
| Coronary Artery Disease | | | | | |
| Arthritis | | | | | |
| Gastrointestinal/GERD | | | | | |
| COPD | | | | | |
| HIV/AIDS | | | | | |
| Renal Failure | | | | | |
| High-risk Pregnancy | | | | | |
| Cerebrovascular disease | | | | | |
| Other #1 (please specify): | | | | | |
| Other #2 (please specify): | | | | | |

35. Do you include health and wellness information, health risk assessments, smoking cessation treatment programs, and patient decision support on your member website or via customer service? Please indicate any partnerships with outside vendors to provide this information.
36. Do you send reminder notices for the following wellness screenings? If yes, please indicate who receives the notices. (Check all that apply).

| | Reminder notice (Yes/No) | Who receives the notices? (Member or MD) |
|---------------------------|--------------------------|------------------------------------------|
| Cervical cancer screening | | |
| Cholesterol screening | | |
| Colorectal screening | | |
| Diabetic retinal exam | | |

SECTION 7: PROPOSAL QUESTIONNAIRE

| | | |
|---------------------------|--|--|
| Influenza vaccine | | |
| Childhood immunizations | | |
| Mammogram | | |
| Prostate cancer screening | | |
| Other (please specify) | | |

7.3.2 Pharmacy Benefit Management

37. Where are prescription services provided? (check all that apply)

| | | | |
|--------------------------|-----------------------------------------|--------------------------|-------------------------------|
| <input type="checkbox"/> | In-house pharmacy | <input type="checkbox"/> | Internet |
| <input type="checkbox"/> | Contract pharmacies | <input type="checkbox"/> | Hospital |
| <input type="checkbox"/> | Non-contract pharmacies and drug stores | <input type="checkbox"/> | Other (please specify): _____ |
| <input type="checkbox"/> | Mail order drug plan | | |

38. Do you contract with another organization to provide prescription/pharmacy benefit services? Please describe your approach.

39. For each pharmacy benefit manager (PBM) contracted, please indicate the name of the PBM and check all the services provided by the PBM for this plan. A PBM must manage and develop pharmacy benefit programs, and offer other services in addition to claims processing to qualify as a PBM.

| | | | |
|----|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | Name of PBM #1 | | |
| | | <input type="checkbox"/> ADMINISTRATION <input type="checkbox"/> Card program <input type="checkbox"/> Retail network contracting <input type="checkbox"/> Retail network management <input type="checkbox"/> Formulary management <input type="checkbox"/> Formulary rebate contracting | <input type="checkbox"/> Mail service <input type="checkbox"/> On-line adjudication <input type="checkbox"/> Rx claims processing <input type="checkbox"/> Drug utilization review <input type="checkbox"/> Other (please specify): _____ |

| | | | |
|----|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| b. | Name of PBM #2 | | |
| | | <input type="checkbox"/> ADMINISTRATION <input type="checkbox"/> Card program <input type="checkbox"/> Retail network contracting <input type="checkbox"/> Retail network management <input type="checkbox"/> Formulary management <input type="checkbox"/> Formulary rebate contracting | <input type="checkbox"/> Mail service <input type="checkbox"/> On-line adjudication <input type="checkbox"/> Rx claims processing <input type="checkbox"/> Drug utilization review <input type="checkbox"/> Other (please specify): _____ |

| | | | |
|----|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| c. | Name of PBM #3 | | |
| | | <input type="checkbox"/> ADMINISTRATION <input type="checkbox"/> Card program <input type="checkbox"/> Retail network contracting <input type="checkbox"/> Retail network management <input type="checkbox"/> Formulary management <input type="checkbox"/> Formulary rebate contracting | <input type="checkbox"/> Mail service <input type="checkbox"/> On-line adjudication <input type="checkbox"/> Rx claims processing <input type="checkbox"/> Drug utilization review <input type="checkbox"/> Other (please specify): _____ |

40. Is pharmacy information available to members on the Internet?

SECTION 7: PROPOSAL QUESTIONNAIRE

| | | | |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------|----------------------------------|
| If yes, please indicate which of the following pharmacy options are available to members on the Internet. (Check all that apply). | | | |
| <input type="checkbox"/> | Mail order forms | <input type="checkbox"/> | Formulary |
| <input type="checkbox"/> | Mail order refills | <input type="checkbox"/> | Preferred drug list |
| <input type="checkbox"/> | Mail order tracking | <input type="checkbox"/> | Member-specific plan information |
| <input type="checkbox"/> | CSR inquiries on-line | <input type="checkbox"/> | Pharmacy locator |
| <input type="checkbox"/> | Pharmacy inquiries on-line | <input type="checkbox"/> | Drug information |
| <input type="checkbox"/> | Real time responses to questions | <input type="checkbox"/> | Personal drug profiles |
| <input type="checkbox"/> | FAQs | <input type="checkbox"/> | Other (please specify): _____ |

41. What is the Average Discount off of AWP for the MAC you will use for the State's fully insured account?
42. What product AWP will the guaranteed MAC discount be based upon (originator or actual product)?
43. Please provide the following pharmacy network information for the above networks:

Percent of employees meeting desired access

| | Pharmacy Network |
|--------------------|------------------|
| 1 miles on average | |
| 3 miles on average | |
| 5 miles on average | |

44. What percent of total retail claims are adjudicated off the following basis:

Note: _____

| | Percentage of Retail Claims: |
|-----------------------------|------------------------------|
| Discounted ingredient cost | |
| Multisource brand MAC | |
| Generic MAC | |
| U&C | |
| Direct member reimbursement | |
| Other (describe) | |

SECTION 7: PROPOSAL QUESTIONNAIRE

45. Please confirm that monies from any of the following are not applied directly or indirectly to the brand discounts quoted in your financial proposal.

| | |
|---------------------------------------------------------------------------------|----------------------------------|
| MAC discounts on multi-source brand products | Confirmed Not Confirmed |
| Formulary rebates (earned or paid to PBM or client) | Confirmed Not Confirmed |
| Audit savings | 1. Confirmed 2. Not Confirmed |
| Drug interchange savings (brand to brand or brand to generic) | 1. Confirmed 2. Not Confirmed |
| DUR savings | 1. Confirmed 2. Not Confirmed |
| Member cost share (i.e., member pay the difference on multi-source brand drugs) | 1. Confirmed 2. Not Confirmed |
| Other, please specify | 1. Confirmed 2. Not Confirmed |

46. Please confirm that monies from any of the following are not applied directly or indirectly to the generic discounts quoted in your financial proposal.

| | |
|---------------------------------------------------------------------------------|----------------------------------|
| MAC discounts on multi-source brand products | 1. Confirmed 2. Not Confirmed |
| Formulary rebates (earned or paid to PBM or client) | 1. Confirmed 2. Not Confirmed |
| Audit savings | 1. Confirmed 2. Not Confirmed |
| Drug interchange savings (brand to brand or brand to generic) | 1. Confirmed 2. Not Confirmed |
| DUR savings | 1. Confirmed 2. Not Confirmed |
| Member cost share (i.e., member pay the difference on multi-source brand drugs) | 1. Confirmed 2. Not Confirmed |
| Other, please specify | 1. Confirmed 2. Not Confirmed |

SECTION 7: PROPOSAL QUESTIONNAIRE

47. What percent of total mail order claims are adjudicated off the following basis:

(Should total to 100% of claims)

| | Percentage of Retail Claims: |
|-----------------------------|------------------------------|
| Discounted ingredient cost | |
| Multisource brand MAC | |
| Generic MAC | |
| U&C | |
| Direct member reimbursement | |
| Other (describe) | |

48. For the MAC list that will be used for the State's fully insured account:

| | Answer |
|-----------------------------------------------------------------------------------------------------------------------------------|--------|
| Estimated % of total generic Rx's subject to MAC price (defined as generic drugs and multi-source brand drugs on the MAC list) | |
| Estimated % of total generic dollars subject to MAC price (defined as generic drugs and multi-source brand drugs on the MAC list) | |
| Do you apply MAC price cost controls to any multi-source brand drugs? | |

49. Will rebates be shared with the State? If so, how will they be applied to the State of Iowa's account?
50. Can you offer a PDP to the State of Iowa's retired participants? This retiree prescription drug plan should either mirror exactly and replace or coordinate with the retiree prescription drug benefit. If so, who provides PDP services? Do you have the ability to bill retirees for medical and PDP premiums combined?

7.3.3 Customer Service

51. What are the specific customer service hours you are proposing for the State of Iowa? The State would prefer access between the hours of 8 am. to 6 pm. CSDT, 5 days per week.
52. Describe your typical number of customer service representatives per company participants. Do you typically assign fully dedicated representatives to clients of the State's size?
53. Describe your customer service triage approach (e.g., live or phone tree) and your call tracking abilities. How many menu options does a member have to go through to get to a live operator?
54. Describe your approach to training customer service representatives. What is the duration of your initial training program? What type of ongoing training is provided? What type of knowledge tools or other job aids do you provide?
55. Do you provide client-specific member services training prior to implementation?
56. What percentage of member services inquiries are resolved on the first call? Describe the steps your organization is taking to improve first call resolution.
57. Describe how you measure and track customer satisfaction. How is this information used?

SECTION 7: PROPOSAL QUESTIONNAIRE

58. Describe the grievance and/or appeals protocols in place for plan participants. Do you have a response time goal for which to respond to claim and other questions and complaints?
59. Does your quality improvement program include/track:

| Area | Yes | No |
|--------------------------------------------------------------------------------------|--------------------------|----|
| Supervisor daily review | | |
| If yes, how many calls to you monitor per month per customer service representative? | Calls Per Month Per Rep. | |
| Silent monitoring of calls for accuracy and service | | |
| Percentage of resolutions on first call within range | | |
| Review of member correspondence | | |

7.3.4 Quality Controls & Audits

60. Describe the quality controls, auditing and peer review mechanisms in place for your claim processing department. Do you use internal or independent/outside auditors?
61. Do you agree to offer the State the right to audit your organization's claim processing service, records and other relevant activity associated with its plan participants? If so, are you willing to partially pay for the audit as the results can be used to the mutually benefit of both the State and the carrier?
62. Describe your disaster recovery plan for restoring application software and master files.
63. What is the percentage of claims audited? What is the frequency that internal audits are performed? What is the percentage of claims audited?

7.3.5 Internet Capabilities

64. Indicate whether Internet- or intranet- based systems to access and/or modify eligibility data, claims data, etc. are available. If available, describe the internal and external systems security measures in place.
65. Complete the following on your Internet capabilities.

| | Yes/No | Comments |
|----------------------------------------------------------------------------------------------|--------|----------|
| Does your company have a website? | | |
| Will you provide your booklet certificate in PDF format for the State's use on its web site? | | |

If you have a web site, what information is provided?

| Member Can: | Yes | No |
|---------------------------------------------------|-----|----|
| Check for a provider (Name, address and location) | | |
| Check the status of a claim | | |
| Check for their own EOB | | |

SECTION 7: PROPOSAL QUESTIONNAIRE

| | | |
|-----------------------------------------------------------------|------------|-----------|
| Print out (or request) an ID card | | |
| E-mail a question | | |
| Verify eligibility | | |
| Inquire about plan design | | |
| Review covered items under the plan on-line (i.e., On-line SPD) | | |
| Other? | | |
| Employer Can: | Yes | No |
| Print Reports | | |
| Print directories | | |
| Order supplies | | |
| Ask a question | | |
| View eligibility information | | |
| Check payment of fees | | |
| Other? | | |
| Provider Can: | Yes | No |
| Check eligibility of member | | |
| Submit a claim electronically | | |
| Search for a specialist | | |
| Check status of claim payment | | |
| Check to see if an item is covered | | |
| Review plan requirements (for Pre-Cert) | | |
| Other? | | |

What enhancements are expected to your website and what is the expected delivery date?

66. How do you maintain a secure environment for communicating and transacting business with each audience (plan members, providers, and plan sponsors)? Briefly summarize your participant privacy policy.
67. Please describe the steps you have taken to reduce the possibility of member identity theft.
68. What security measures do you have in place to insure the integrity of your data systems and the personal health information of members on these systems

SECTION 7: PROPOSAL QUESTIONNAIRE

7.4 Network Accessibility and Disruption

For the State of Iowa MCOs, we are requiring that vendors provide a GeoAccess network accessibility and disruption analysis outlining network access based on the following parameters. This GeoAccess analysis must be provided for your proposed Iowa MCO network. Census files have been provided for your use.

Please provide the GeoAccess summaries in the table below as well as back-up detail for employees who fall both within and outside the following access standards. Your match should include all valid zip codes in each of the counties in Iowa that your network serves and in which participants reside. In addition, you should include only open practices in your analysis.

| Provider Type | Access Standard |
|--------------------------------------------------------------------------------------------------|------------------------|
| Primary Care Providers (family/general practice, pediatrics, internal medicine and OB/GYN) | 2 in 10 miles |
| Hospitals | 1 hospital in 15 miles |

| Percent of Employees Meeting the Access Standard | | | | | |
|--------------------------------------------------|-----------------------------|------------|---------------|---------|-----------|
| Provider Type | Family/General Practitioner | Internists | Pediatricians | OB/GYNs | Hospitals |
| County 1 | | | | | |
| County 2 | | | | | |
| County 3 | | | | | |
| County 4 | | | | | |
| County 5 | | | | | |
| County 6 | | | | | |
| County 7 | | | | | |
| County 8 | | | | | |
| County 9 | | | | | |
| County 10 | | | | | |

SECTION 7: PROPOSAL QUESTIONNAIRE

69. Please complete the following table regarding your MCO network in the State of Iowa. This should include your network statewide and for each county in your service area. Please list all the Iowa counties covered, as determined by the Iowa Insurance Division, in your network. In addition, provide a map of your network coverage in the State of Iowa.

| Location/Zip Code | Physicians | Hospitals |
|-------------------|------------|-----------|
| State of Iowa | | |
| County 1 | | |
| County 2 | | |
| County 3 | | |
| County 4 | | |
| County 5 | | |
| County 6 | | |
| County 7 | | |
| County 8 | | |
| County 9 | | |
| County 10 | | |

70. Is any part of your network leased? Please describe the percentage. If yes, identify owner of the network and the geographic service area.
71. How often are contract rates renegotiated? Do your contracts include a specific clause which limits the amount of increase? Are there automatic annual increase provisions included in any of your contracts?
72. Do you anticipate renegotiating contracts in the next 12 to 24 months?
73. Have you renegotiated any contracts in the last 12 to 24 months? If you have, what was the financial impact to your organization and your customers?
74. Do you negotiate out-of-state claims? Do you provide a network for out-of-state claims? If so, is this network nationwide?
75. Do you provide services to out-of-area dependents? If so, how do you identify dependents in an out-of-service area? Can you provide access to network providers at discounted rates to out of town student members?
76. What is your standard process and advance notification timeframe to notify the State of Iowa and its members of network changes?
77. Do you have a system for maintaining credentialing information? How often is each provider re-credentialled? What information is verified during provider re-credentialing? Please complete the following table.

| Verified During Physician Re-credentialing | Utilized (Y/N) |
|--------------------------------------------|----------------|
| State License | |
| Malpractice | |
| Site Visits | |
| Other; please list | |

78. Please list your most recent annual network provider turnover rates (percentages) for both voluntary and involuntary turnover?

SECTION 7: PROPOSAL QUESTIONNAIRE

79. Enter the percentage of MCO network Providers that are reimbursed by the following methods in the following table.

| Method of Reimbursement | % Reimbursed by Method |
|----------------------------------------|------------------------|
| Physicians | |
| Salary | |
| Discounted Fee For Service | |
| Discounted Fee For Service w/ Withhold | |
| Fee for Service w/ Bonus | |
| Fee Schedule | |
| Capitation | |
| Capitation w/ Withhold | |
| Capitation w/ Bonus | |
| Other (specify) | |
| Total | 100% |

80. Provide the percentage of MCO network inpatient hospitals that are reimbursed by the following methods in the following table.

| Method of Reimbursement | % Reimbursed by Method |
|-----------------------------|------------------------|
| Hospitals | |
| Billed Charges | |
| Discount off Billed Charges | |
| Per Diem | |
| DRG Case Rates | |
| Global Fees | |
| Other (specify) | |
| Total | 100% |

81. How do you reimburse for hospital outpatient services (facility use charges)? Please be specific and describe the reimbursement methodology for the following types of services:
- a) Emergency Room
 - b) Outpatient Surgery
 - c) Laboratory
 - d) Radiology
 - e) Other (specify)
82. How is your organization and networks using incentives to reward quality, safety, and patient satisfaction?

SECTION 7: PROPOSAL QUESTIONNAIRE

7.5 Performance Criteria

Performance-based measures are required to be included in any State contract pursuant with Iowa Code section 8.47 (1) (Iowa Code 2003). Please review these proposed performance criteria carefully and provide your comments and suggestions in the vendor comments column, and detail in your proposal.

| Performance Objective | Vendor Comments |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Percentage of Premiums at Risk | |
| 0 to 5% of Premiums | |
| Implementation | |
| Vendor will meet all significant deadlines related to program implementation as discussed and agreed to at the project-planning meeting. | |
| Account Service | |
| The vendor will provide a dedicated account executive that will handle service issues related to the program. | |
| The vendor's representatives (all levels) will be accessible to the State's benefits staff via electronic mail. | |
| Standard and agreed upon State-specific reports provided on time | |
| <ul style="list-style-type: none">• Prompt notice of state/federal law changes• Delivery of contracts and amendments prior to effective dates for review and signatures• Regularly scheduled meetings as determined by the State• Meeting service quality as determined by the State• Prompt resolution of problems | |
| Claims Administration/Quality Assurance | |
| The State is willing to discuss incentive payments for exceptional performance in these areas. Claims Administration | |
| Provider Network | |
| Network Turnover: <ul style="list-style-type: none">• Less than 10% annually within the State of Iowa (turnover is defined as any withdrawal from the network for reasons other than illness, death, or quality) Network Accessibility: <ul style="list-style-type: none">• Minimum of 75% of all participating providers must have open practices | |
| Member Services | |
| Member Services Phone Response/Abandonment Written Responses ID Card Distribution Benefit Certificates Eligibility | |

SECTION 7: PROPOSAL QUESTIONNAIRE

| <i>Client Services</i> | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ul style="list-style-type: none">• Renewal and information requests will be provided to the State in a timely and accurate manner and within 30 days of written request.• Renewal template information complete and provided as requested (Excel format completed)• Annual renewal provided to the State by July 1 of the year prior to the renewal's effective date.• Annual renewal finalized with the State by September 1 of the year prior to the renewal's effective date.• All written data requests from the State acknowledged within 5 business days. This acknowledgement must include a timeframe for completion.• All written data requests must be presented to the State within the timeframes forwarded. | |

SECTION 8: COST PROPOSAL

Please review the Description of Desired Services section of this RFP for funding and plan design information.

8.1 Cost Proposal Exhibits

Please complete the questions and exhibits in this section. These exhibits are to be submitted to Deloitte only and in a separate sealed envelope. The exhibits must be submitted in the prescribed format and have been provided electronically to facilitate your response.

Please note that the State of Iowa requires MCO plans to complete annual renewals. At the time of renewal, Deloitte will request supplemental data to support the requested rate increase. Each MCO will be required to complete the exhibits included in Attachment 10. (This is not required at this time)

EXHIBIT A – ANNUAL WEIGHTED TRENDS

| Category | 2006 – 2007 Trends | | |
|-----------------------------|--------------------|----------------|----------------|
| | A. Cost | B. Utilization | Combined (A*B) |
| Hospital Inpatient | | | |
| Hospital Outpatient | | | |
| Other Facility | | | |
| Physician Services | | | |
| Other Professional Services | | | |
| Prescription Drugs | | | |
| Additional Services | | | |
| | | | Total |

EXHIBIT B – ADMINISTRATIVE EXPENSES AND OTHER PMPM COSTS

| Description of Expense Category | 2007 PMPM | 2008 PMPM (Estimated) | 2009 PMPM (Estimated) |
|---------------------------------|-----------|-----------------------|-----------------------|
| General and Administrative Cost | | | |
| Tax | | | |
| Assessment | | | |
| Risk Margin | | | |
| Pooling Charge | | | |
| Other | | | |
| TOTAL | | | |

SECTION 8: COST PROPOSAL

EXHIBIT C – RATE DEVELOPMENT

Table C1 – Enrollment Assumptions

| 2007 | Contract Mix | Average Contract Size | Requested Rate Ratio |
|-------------|---------------------|------------------------------|-----------------------------|
| Employee | | | 1.0 |
| Family | | | 2.4 |
| Total | | | 0.0 |

| 2008 | Contract Mix | Average Contract Size | Requested Rate Ratio |
|-------------|---------------------|------------------------------|-----------------------------|
| Employee | | | 1.0 |
| Family | | | 2.4 |
| Total | | | 0.0 |

| 2009 | Contract Mix | Average Contract Size | Requested Rate Ratio |
|-------------|---------------------|------------------------------|-----------------------------|
| Employee | | | 1.0 |
| Family | | | 2.4 |
| Total | | | 0.0 |

Table C2 – Premium Development

Please provide details regarding your medical rate development (i.e., premium development summary showing any credibility or pooling which may have been used).

EXHIBIT D – TIERED MEDICAL RATES

The State wishes to provide an additional plan option to Medicare-eligible retirees that includes a PDP carveout. This plan's prescription drug portion should coordinate with Medicare Part D in order to offer an identical level of benefits to the in-force active/retiree plan. If you and/or your PBM partner is not able to accommodate this plan design, please leave the "PDP Carveout" rates blank.

SECTION 8: COST PROPOSAL

| | 2007 | | 2008 | | 2009 | |
|---------------------------------------------------------------|--------------------|-------------------------|--------------------|-------------------------|--------------------|-------------------------|
| | <i>Rx Included</i> | <i>PDP Carveout</i> | <i>Rx Included</i> | <i>PDP Carveout</i> | <i>Rx Included</i> | <i>PDP Carveout</i> |
| <i>Active Employees and Pre-65 Retirees</i> | | | | | | |
| Single | | N/A | | | | |
| Family | | N/A | | | | |
| <i>Medicare-Eligible Retirees*</i> | | | | | | |
| Single with Medicare | | | | | | |
| Family - Both with Medicare | | | | | | |
| Family - 1 with, 1 without Medicare | | | | | | |
| Family - 1 with, 1 without Medicare with Minor Dependents. | | | | | | |
| Family - Both with Medicare with Minor Dependents. | | | | | | |
| Family - 1 with Medicare with Minor Dependents. | | | | | | |

SECTION 8: COST PROPOSAL

EXHIBIT E – INCLUDED SERVICES

| Item | Services Included: 2007-2009 |
|-------------------------------------------------------------------------------|------------------------------|
| | Included/Not Included? |
| Network Management | |
| On-Site Representatives | |
| Claim Adjudication | |
| Claim Forms - design, review, print, supply | |
| Account Management | |
| Plan Design Maintenance | |
| Billing | |
| Risk and Profit Charge | |
| Other Administration | |
| Utilization Review | |
| Communications | |
| Plan Documents (initial draft and revisions) | |
| SPDs (initial draft and revisions) | |
| ID Cards | |
| Provider Directories | |
| Other (specify below) | |
| Reports | |
| Standard | |
| Ad-Hoc | |
| Other (specify below) | |
| COBRA Administration | |
| HIPAA Administration | |
| Information to Produce 5500s | |
| Legal/Legislative Services | |
| Actuarial Services (benefit changes, liability determination, etc.) | |
| Disease Management Services | |
| Renewal Services (reserve requirements, COBRA rates, plan cost determination) | |
| Other (specify below) | |

SECTION 8: COST PROPOSAL

8.2 Cost Proposal Questionnaire

1. Provide detailed information regarding the initial and ongoing premium rate calculation. Describe any adjustments used in developing your premium rates (i.e., marketing considerations or underwriting adjustments).
2. Describe any IBNR or lag factors used in your premium development.
3. How long are premium rates guaranteed? How long will notice be given of any rate changes?
4. Please confirm that coverage will be provided on a no-loss, no-gain basis and that all actively at work requirements and pre-existing condition limitations will be waived for the initial transition.
5. Please provide your actual book of business trend for the following years:

| | Trend |
|---------------|-------|
| 2006 Expected | |
| 2005 | |
| 2004 | |

6. Would you agree to a renewal increase cap for Year 2? Note: if your cap involves a benchmark such as CPI, please specify the specific actual cap amount. For example, CPI +3% is not acceptable, while 5% is.
7. How are retention charges calculated (i.e., Percentage of premium, Percentage of claims, Other)? Will you guarantee your retention charges (on a percentage basis) from the initial rating period through subsequent renewals?
8. What credibility factor will you assign to the State's experience in the first renewal?
9. What has been your average premium rate increase for the last 2 calendar years and calendar year to date?
10. List all proposal qualifications and caveats (e.g., participation requirements).
11. Please describe your COBRA administration services. What is your proposed cost structure for this service? What information is required from the State for the vendor to provide these services?
12. What circumstances would change the premiums quoted in your cost proposal? If the State were to reduce the number of MCO vendors/MCO plans offered would your premium rates, guarantees or any other aspects of your proposal change? If so by how much or how long. Please assume the following scenarios:
 - One open access plan and one closed access plan (1 Provider)
 - One open access plan and one closed access plan (2 Provider)
 - Two open access plans and two closed access plans (2 Providers)
 - Two open access plans and two closed access plans (4 Providers)

Attachments

ATTACHMENT 1 – PROPOSAL CHECKLIST

STATE OF IOWA MCO PROPOSAL CHECKLIST

One original copy of this form must be completed and accompany proposals.

| Item | Provided (Please check if completed and included with your proposal) |
|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Signed Transmittal Letter Accept RFP Terms and Conditions Verification of Iowa Registration | |
| Errors and Omissions Insurance | |
| Deviations Worksheet (Attachment 2) | |
| Proposal Certification Form (Attachment 4) | |
| Certification of Independence and No Conflict of Interest Form (Attachment 5) | |
| Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion Form (Attachment 6) | |
| Authorization to Release Information Form (Attachment 7) | |
| Questionnaire GeoAccess Network Analysis | |
| Cost Proposal (to Deloitte only) Exhibits Cost Proposal Questionnaire | |
| Proposed Contract Changes (redlined document, if any) | |

**STATE OF IOWA
PROPOSAL DEVIATIONS WORKSHEET**

**Please complete the following worksheet for any and all deviations included in your proposal.
Please add additional pages as needed.**

| Required Service You are Unable to Perform | Steps Taken to Meet Requirement | Timetable and Person Responsible |
|-------------------------------------------------------|--------------------------------------------|---------------------------------------------|
| | | |
| | | |
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| | |
|---------------------------------------------------------------------------------|-----------|
| ARTICLE I – GENERAL PROVISIONS | 1 |
| 1.1 Contract | 1 |
| 1.2 Term of Contract | 1 |
| 1.3 Definitions | 1 |
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| 3.1 Eligible Persons | 9 |
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SECTION 1. GENERAL PROVISIONS

1.1 Contract

This Contract is by and between _____ (Company), and the State of Iowa (State). The purpose of this Contract is to provide managed health care benefits and Administrative Services to the State and its eligible Members. The Company shall provide coverage for Covered Services and provide the Administrative Services and the State shall purchase such coverage and Administrative Services.

1.2 Term of Contract

The term of this Contract shall commence January 1, 2007, and shall terminate December 31, 2008, unless earlier terminated in accordance with the terms of this Contract. The State may, at its discretion, extend the Contract for two additional two-year extensions, subject to approval of the Executive Council of the State of Iowa and consent of the Company.

1.3 Definitions

As used throughout this Contract, the following terms shall have the meanings set forth below.

1.3.1 “Administrative Services” means those services to be performed by the Company for the State in connection with this Contract, including but not limited to the following: claims processing in accordance with the written claims administration policies of the Company, customer service representatives, Case Management Services, Utilization Management, accounting services, actuarial services, enrollment services, data processing services, and such other related services as the parties may agree are appropriate and necessary to accomplish the objectives of this Contract.

1.3.2 “Benefits Booklet” means the written document that describes and defines the required benefit Plan for health and pharmacy services that the State established for the Plan Members and their Dependents.

1.3.3 “Case Management Services” means a collaborative process between the Company and Providers that assesses, plans, implements, coordinates, monitors, and evaluates the options and services required to meet an individual’s health needs, using communication and available resources to promote quality outcomes designed to help preserve available health care dollars.

1.3.4 “Claim Appeal Procedure” means an organized process by which a Member may challenge a decision made by the Company to either the Company or the State Oversight Body.

1.3.5 “Claim Turnaround Time” means the average number of calendar Days to process a complete claim. (A complete claim contains all information necessary to determine claim payment or denial.) Days are measured from the Date the claim (or completed information on a pended claim) is received by the Company to the date the claim is processed.

1.3.6 “COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985 and related regulations, all as amended from time to time.

1.3.7 “Company” means _____ its directors, officers, employees, agents, partners, affiliates, consultants, and other persons acting under the direction and control of the Company.

1.3.8 “Complaint” means any written correspondence received by the Company from Members or their representatives regarding accusations of unfair practices, payment or denial of claims outside of Plan provisions, or decisions by the Company affecting health care received by the Member which results in a referral to the State Oversight Body.

1.3.9 “Contract” means this group health Contract with all attached Exhibits, the Benefits Booklet, the RFP (hereinafter defined), and the Proposal (hereinafter defined). In the event of a conflict between any of the aforementioned documents, the conflict shall be resolved as set forth in Article IX of this Contract.

1.3.10 “Coordination of Benefits (COB)” means a provision establishing an order in which plans pay their claims.

1.3.11 “Covered Services” means those procedures, services or supplies that are listed as benefits in this Contract or, if not listed in Article II herein, all procedures, services or supplies customarily covered by the Company and received by Members in accordance with the terms and conditions of this Contract, including, but not limited to, the Company’s Utilization Management policies and procedures.

1.3.12 “Day” means calendar day, unless the term “working days” is expressly used.

1.3.13 “Dependent” means a spouse of a Plan Member, or a child of a Plan Member under age 19. A child 19 and older is considered to be a dependent if unmarried, and is either a full-time student or became permanently and totally disabled prior to age 19. For purposes of this definition, “child” means a natural-born child, a legally adopted child or a child for whom legal adoption proceedings have begun, a stepchild, foster child, and any person under the age of 19 for which the Plan Member has legal custody or guardianship.

1.3.14 “Durable Medical Equipment” means any medical equipment approved by Medicare which:

1. can withstand repeated use;
2. is not disposable;
3. is used to serve a medical purpose;
4. is generally not useful to a person in the absence of a medical condition; and
5. is appropriate for use in the home.

1.3.15 “Emergency Medical Services” means those medical services rendered for treatment of an Emergency Medical Condition.

1.3.16 “Emergency Medical Condition” means a medical or mental health condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that a prudent layperson, who possesses an average knowledge of health and medicine, could reasonably expect it to result in:

1. Placing the health of the Member in serious jeopardy, or with respect to a pregnant woman, the health of the woman or her unborn child in serious jeopardy;
2. Serious impairment to bodily functions; or

3. Serious dysfunction of any bodily organ or part.

The determination of whether an Emergency Medical Condition exists shall be decided by a medical professional and shall be based on the Member's medical condition, including presenting symptoms and medical history prior to treatment.

1.3.17 "Encounter Data" means an electronic record of all expenses incurred by a Member and submitted to the Plan for payment.

1.3.18 "Facility" means a licensed, certified, and/or accredited facility that provides inpatient and/or outpatient services, such as a hospital, nursing facility that provides a skilled level of care, ambulatory surgery center, or hospice.

1.3.19 "HIPAA" means the Health Insurance Portability and Accountability Act of 1996 and related regulations, all as amended from time to time.

1.3.20 "Incurred Claims" means claims for health services that are furnished to Members with an Incurred Date occurring during the term of Contract.

1.3.21 "Incurred Date" means the date health care services were provided. With regard to inpatient Facility services, the date of admission is the Incurred Date.

1.3.22 "Medically Necessary" means those Covered Services that are, under the terms and conditions of this Contract, determined through Plan Utilization Management to be:

1. Appropriate and necessary for the symptoms, diagnosis or treatment of the condition of the Member;
2. Provided for the diagnosis or direct care and treatment of the Member enabling the Member to make reasonable progress in treatment;
3. Within standards of professional practice and given at the appropriate time and in the appropriate setting;
4. Not primarily for the convenience of the Member or Provider; and
5. The most appropriate level of Covered Services that can safely be provided.

1.3.23 "Member" means a Plan Member or any person eligible to receive medical care benefits under the coverage of a Plan Member, as more completely described and defined in the Benefits Booklet.

1.3.24 "Monthly Premium" means the amount charged by the Company to the State as consideration for providing coverage for Covered Services and Administrative Services.

1.3.25 "Out-of-Pocket Limit" means the amount(s) of copayments that a Plan Member or Dependent shall be required to pay during a Plan Year as provided herein.

1.3.26 "Participating Physician" means a physician who has contracted with the Company to provide Covered Services.

1.3.27 "Plan" means the State of Iowa employees medical plan of benefits as described in this Contract and as approved by the State.

1.3.28 “Plan Member” means any employee or former employee who is eligible to be, and is properly enrolled, in the Plan.

1.3.29 “Plan Year” means the period beginning January 1 and ending December 31 of each calendar year.

1.3.30 “Preexisting Condition” means any illness, injury, medical, surgical, or other condition (including a physical condition, a mental health condition, or chemical dependency) for which medical advice, diagnosis, care, or treatment was recommended or received within a six-month period ending with a Member’s enrollment date. Pregnancy is not considered a Preexisting Condition.

1.3.31 “Proposal” means the materials submitted by the Company in response to the Request for Proposal issued by the State of Iowa to procure the services contained herein.

1.3.32 “Provider” means any health care provider that has contracted or has an arrangement with the Company to furnish Covered Services to Members.

1.3.33 “RFP” means the Request for Proposals issued by the State of Iowa, Iowa Department of Administrative Services and entitled Group Medical Managed Care Organization (MCO) Plans dated February 2006.

1.3.34 “State Oversight Body” means the Insurance Division of the Iowa Department of Commerce.

1.3.35 “Subcontract” means any written agreement between the Company and another party to fulfill one or more of the Company’s duties under this Contract. However, such term does not include insurance by the Company to limit its loss with respect to a Member, provided the Company assumes some portion of the underwriting risk for providing health care services to that Member.

1.3.36 “Subcontractor” means a party, other than the Company, to a Subcontract.

1.3.37 “Third Party” means any individual, entity, or program, other than the Company, which is or may be liable to pay for all or part of the services provided to a Member under this Contract.

1.3.38 “Utilization Management” includes:

1. preadmission certification, which requires a Company nurse reviewer to determine whether admission is Medically Necessary before a Member may be admitted to a Facility;
2. preauthorization must be received from a Company nurse reviewer for certain expedited benefits to be covered;
3. ongoing admission and continued stay review to verify ongoing inpatient medical necessity; and
4. Case Management Services.

SECTION 2. SUMMARY OF STANDARD BENEFITS AND EXCLUSIONS

The Company shall provide coverage for the following benefits, with noted exclusions, as a minimum benefit Plan. In addition, the Company shall cover all items not specifically mentioned in this Article that the Company customarily covers in its group health plans.

| STANDARD MCO PLAN | |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Category</u> | <u>Coverage</u> |
| Deductible Single/Family | None. |
| Coinsurance Percentage | Varies; see below. |
| Out-of-Pocket Limit Single/Family | \$750/\$1500. All copayments go toward Out-of-Pocket limit with the exception of prescription drug copayments. |
| Lifetime Benefit Maximum | None. |
| Preexisting Condition Waiting Period for New Employees | None. |
| Preapproval of Inpatient Admissions | Required. Referral from Participating Physician necessary. |
| Large Case Management | Alternative care set up on a case-by-case basis. |
| Second Surgical Opinion | Voluntary. Paid according to normal Plan benefits when received from Plan Provider. |
| Outpatient Surgery Setting | Participating physician will determine appropriate surgical setting. |
| Benefits Available From Non-Participating or Non-Network Providers | None, unless prescribed, referred, and approved by a Participating Physician or in an Emergency Medical Condition or with prior authorization from the Plan (when required). |
| PHYSICIAN SERVICES | |
| Office Calls | \$10.00 copayment per visit. |
| Routine Physicals | \$10.00 copayment per visit, excluding those employment-related/required. |
| Well Child Care | \$10.00 copayment per visit. |
| Routine Eye Exam | \$10.00 copayment per visit. Limit of one exam per Member per calendar year. |
| Routine Hearing Exam | \$10.00 copayment per visit. Limit of one exam per Member per calendar year. |
| Maternity | 100% for delivery. \$10.00 copayment for initial visit; remaining pre- and post-natal visits paid in full. |
| HOSPITAL SERVICES | |
| Room and Board | 100% if authorized. Semi-private basis, unless Medically Necessary to use private room. May require Prior Approval. |
| Physician Services | 100% if authorized. |
| Inpatient Services | 100% if authorized. |
| Outpatient Surgery | 100% if authorized. |
| Inpatient Supplies, Drugs, Rx, etc. | 100% if authorized. |
| Inpatient Tests, ICU, Operating Room, Specialized Care, etc. | 100% if authorized. |
| MENTAL/NERVOUS/SUBSTANCE ABUSE | |
| Inpatient Hospital Room and Board | 100%. Maximum 30 Days per Member per calendar year. |
| Inpatient Physician Care | 100%. Maximum 30 Days per Member per calendar year. |
| Outpatient | \$10.00 copayment per visit. Maximum 52 visits per Member per calendar year. |

ATTACHMENT 3 — CONTRACT TERMS AND CONDITIONS

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|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inpatient Hospital Room and Board | 80%. Maximum 30 Days per Member per calendar year. |
| Inpatient Physician Care | 100%. Maximum 30 Days per Member per calendar year. |
| Outpatient | \$20.00 copayment per visit. Maximum 52 visits per Member per calendar year. |
| Inpatient Hospital Room and Board | 80%. Maximum 30 Days per Member per calendar year. |
| Inpatient Physician Care | 100%. Maximum 30 Days per Member per calendar year. |
| Outpatient | \$20.00 copayment per visit. Maximum 30 visits per Member per calendar year. |
| MISCELLANEOUS SERVICES | |
| Prescription Drugs Includes: mail order plans where a three month supply can be purchased for two copayments. | \$5.00 generic, \$15.00 formulary brand \$30.00 copayment or 25% of non-formulary brand, whichever is greater. RX must be for a Covered Service and from a Plan pharmacy. Copayments do NOT apply to Out-of-Pocket Limit. |
| Prescription Oral Contraceptives or Contraceptive Devices. | Covered. |
| X-Ray & Lab | 100%. |
| Immunizations | 100%. (Travel or employment are excluded.) |
| Allergy Treatment | \$10.00 copayment per visit. |
| Chiropractor | \$10.00 copayment per visit with approved referral. |
| Home Health Care | 100% if authorized by the Company. |
| Ambulance Services | 100% if Medically Necessary/Emergency Medical Services. |
| Organ Transplants | Heart, heart/lung, lung (single and double), liver, pancreas, kidney/pancreas, kidney, cornea, small intestine, autologous bone marrow, and allogeneic bone marrow transplants 100% covered if authorized by the Company. No coverage if experimental or in a nonauthorized Facility. |
| Infertility Services/Treatments, Eye Glasses, and Hearing aids | Not Covered. |
| Nursing Facility Providing Skilled Care | 100%. Maximum of 120 Days per Member per calendar year. |
| Emergency Room (ER Care) | \$50.00 copayment; waived if admitted. |
| Blood, Blood Plasma, Blood Serum | 100% if authorized. |
| Accidents | \$10.00 office visit copayment; \$50 copayment for emergency room, waived if admitted. |
| Hospice Care | 100% if authorized by the Company. |
| Durable Medical Equipment | 80% if prescribed by Participating Provider and obtained from a supplier authorized by the Company. |
| Hemodialysis | 100% if obtained in a center authorized by the Company. |
| Outpatient Chemotherapy | \$10.00 copayment per visit. |
| Prosthetic Devices | 80% if authorized by Participating Physician and obtained from an authorized supplier. |
| Speech, Respiratory, Occupational & Physical Therapy | \$10.00 copayment per visit. Maximum 60 visits per Member per year. |
| Dental Accident Care | 80% if authorized by the Company for injury to sound natural teeth. Services must be within 6 months of injury & injury must have occurred while Member enrolled in Plan. |
| Dependent Child Age Limit | Age 19, or unlimited if a full-time student and unmarried. |

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Exclusions for MCO Contracts

1. Care obtained from a non-participating Provider, unless the services were prescribed by an authorized network Provider with appropriate prior authorization.
2. Care obtained from a non-participating Provider unless services qualified as emergency care.
3. Care obtained outside the Company's service area that could have been anticipated before traveling outside the Company's service area.
4. Employment and insurance health screening exams required by third parties, including, but not limited to, exams required for pilot or driver license exams.
5. Any elective treatment or procedure which, in the judgement of a Participating Physician, is not in the best interest of the Plan Member. The phrase "best interest" includes, but is not limited to, consideration of risks associated with a treatment or procedures or risks which, in the judgement of the Participating Physician, stem from the mental, emotional, or physical condition of a Member.
6. Any care which occurs due to complications arising from or the result of a non-covered or non-authorized service.
7. All health services provided to a child of an individual listed as a Dependent child of a Plan Member.
8. The Company shall be responsible for determining whether services are experimental, investigative, or otherwise not clinically accepted medical services, including experimental transplants. Services relating to an excluded transplant, which would not be performed but for the transplant, are also not covered.
9. Any accidental injury or sickness, to the extent that any benefits, settlement, award, or damages are received or payable (or could reasonably be expected to be received or payable if a claim were made) from a claim under Worker's Compensation, Employers' Liability, or Occupational Disease Law, a personal or corporate liability settlement, automotive liability or Medicare.
10. Any health services rendered after termination of the Member's coverage under the Plan, other than continuation of services provided for according to state or federal legislation, or this Contract.
11. Treatment provided in a government hospital, benefits provided under Medicare or other governmental program (except Medicaid), or services for which, in the absence of any health service plan or insurance plan, no charge would be made to the Member.
12. Any expenses incurred as a result of a Member's continued stay in a hospital after the discharge time or date established by the hospital or the Participating Physician.
13. Services performed by an acupuncturist.
14. Custodial or nursing home care. This is care that may be provided by a lay person who does not have professional qualifications, skills, or training. Custodial care includes, but is not limited to, the following: help in walking and getting into or out of bed; help in bathing, dressing, and eating; help in using or applying medications; routine care of a patient, including changes of dressings, diapers and protective sheets; routine care and maintenance of casts and medical equipment; general supervision of exercise programs including carrying out of maintenance exercise programs that do not need the skills of a therapist.
15. Eyeglasses and contact lenses, supplies, contact fitting exam or exam component.
16. Hearing aids, hearing aid batteries, and hearing aid fittings.

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17. Growth hormones that are not deemed Medically Necessary for the protection of the Member's health.
18. Genetic counseling and genetic studies which are not Medically Necessary for diagnosis or treatment of a Member's condition.
19. Travel expenses, regardless of Participating Physician's recommendation or order.
20. Care for military service-connected conditions or disabilities to which the Member is legally entitled and for which facilities are reasonably available to the Member in the service area.
21. Any injury or disease resulting from war, any act of war (declared or undeclared), service in the armed services of any country, commission of a felony, or acts of civil insurrection.
22. Charges associated with inpatient or outpatient care when the Member leaves against medical advice.
23. Services performed by a Member's immediate family including spouse, brother, sister, parent, or child, for which in the absence of any health insurance plan no charge would be made to the Member.
24. Cosmetic surgery, except for the following conditions if the Company determines that the cosmetic surgery is Medically Necessary:
 1. To correct any birth defect or deformity which occurred or was present at birth, and the Member was covered under the Plan at birth (e.g., cleft palate, club foot);
 2. To correct disfigurement as a result of accident which occurred while the Member was covered under the Plan;
 3. To correct disfigurement as a result of a prior surgical procedure which was performed while the Member was covered under the Plan, when such disfigurement impedes physiological functioning.
 4. To correct congenital abnormalities as long as one of the following conditions is met:
 - The Member was covered by the Plan at birth;
 - The congenital abnormality was not apparent and diagnosed prior to becoming a Member; or
 - A recommendation had been made historically in the Member's plan of treatment that the treatment be performed at a certain level of developmental maturity for optimum success. The burden of proof of this recommendation rests upon the Member.
25. Oral surgery or other dental care, and any hospital or outpatient charges related to dental care; treatment for injuries incurred from biting abnormalities, chewing abnormalities or bruxism; orthognathic surgery (repositioning of the jaws to correct skeletal disharmonies); and professional services related to dental treatment. Exceptions to exclusions for oral surgery are:
 1. To extract impacted teeth, partially or totally covered by bone or for multiple extractions concurrent with a hazardous medical condition;
 2. To repair within six months of a non-occupational traumatic injury involving the jaw and any bone structure not including the teeth; or
 3. To treat a medical, not dental, condition.

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26. Restorative dental services provided to promptly repair but not replace sound natural teeth unless necessitated by an accidental injury incurred during the Member's coverage under the Plan.
27. Services related to the treatment of temporomandibular joint syndrome (TMJ) except those related to the initial evaluation.
28. Vocational rehabilitation and recreational or educational therapy.
29. Therapy provided through behavior modification techniques.
30. Services related to learning disabilities or delayed development.
31. The treatment or evaluation of a psychiatric disorder which is requested or ordered by a third party, unless prescribed by a Participating Physician, and is determined by the Company to be Medically Necessary.
32. Sexual transformation or treatment of psychosexual disorders, services and supplies for the treatment of sexual dysfunction or inadequacies, or those related to sex change procedures. Penile prostheses are not covered unless necessitated for impotence caused by a medical condition. This exclusion DOES NOT include Viagra, which is a covered prescription drug at a benefit maximum of 6 pills per month.
33. Treatment for infertility including drugs and surgical procedures to enhance fertility, including artificial insemination; in-vitro fertilization; GIFT; surgery to reverse sterilization; reconstructive surgery on fallopian tube; or surrogate parenting.
34. Family counseling or treatment for marital problems, sexual identity disorders, or parent/child discord.
35. Treatment of stress management.
36. Services and supplies for the treatment of sexual dysfunction or inadequacies, or those related to sex change procedures. This exclusion DOES NOT include Viagra, which is a covered prescription drug at a benefit maximum of 6 pills per month.
37. Treatment for behavioral disorders of infancy, childhood, adolescence or adulthood.
38. Breast prosthesis and/or implants and/or reconstruction, except when breast surgery was due to disease.
39. Gastropasty or other surgical treatment of obesity.
40. Services related to treatment for obesity including physician supervised weight loss services including office visits; commercial diet programs; laboratory studies; diet supplies; food; food supplements; prescription drugs; and diagnostic procedures related to obesity.
41. Air conditioners, dehumidifiers, air purifiers, food blenders, exercise equipment, orthopedic mattresses, home or automobile modifications, whirlpool tubs, and similar items considered to be for the Member's convenience.
42. Wigs, hair enhancement products, or hair replacements.
43. Immunizations and inoculations obtained for travel purposes.
44. Homemaker/housekeeping services except when the individual requires home skilled nursing services, and homemaker services are a component of a health care plan, signed by the attending physician.
45. Services that are required by federal, state, or local law to be provided in a public facility.

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SECTION 3. ELIGIBILITY AND CHANGES TO COVERAGE

3.1 Eligible Persons

Eligible persons shall be those employees of the State who work at least 20 hours per week, who are employed in either a permanent position or in positions covered by collective bargaining agreements, and who enroll as specified below in a health Plan option included in the State group health insurance program.

3.2 New Employees

New employees may enroll in single or family coverage within 30 calendar Days of their date of employment or during the first enrollment and change period following their date of employment. State PROMISE Program hires and their Dependents may enroll within 30 calendar Days of expiration of their Medicaid benefits. Employees not enrolled during these periods will be considered late enrollees subject to an 18-month Preexisting Condition waiting period.

3.3 Late Enrollees

Employees and Dependents not enrolled during the above situations may be considered “late enrollees” and will be subject to an 18-month Preexisting Condition waiting period unless a special enrollment period applies, or the waiting period is waived pursuant to section 3.5. The effective date of coverage will be the first Day of the month following one full calendar month from the month in which the appropriate enrollment form is signed.

3.4 Special Enrollees

A special enrollment applies when an employee not previously enrolled in a State-sponsored Plan applies for coverage under the Company’s Plan. An employee may request a special enrollment when:

1. an event as defined in section 3.6 occurs;
2. an employee initially declines coverage because of COBRA with another group and then COBRA coverage is exhausted; or
3. an employee initially declines coverage because he or she has coverage elsewhere and then loses that other coverage.

When special enrollment applies, the Member(s) are considered to be “special enrollees” and are subject to an 11-month Preexisting Condition waiting period unless waived pursuant to Section 3.5.

3.5 Waiver of Waiting Period

The Preexisting Condition waiting periods (11 and 18 months) may be off-set with written proof of other creditable coverage without a 63 Day lapse in coverage from when the enrollee lost coverage under the previous plan to the Day the enrollee applies for coverage with the Company.

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3.6 Changes During A Plan Year

3.6.1 Changes from family to single coverage may be made at any time during the year. The effective date of this change is the first of the month following signature on an application.

3.6.2 Plan Members may add Dependents during the first enrollment and change period following the date of employment.

3.6.3 Under certain circumstances, Plan Members may change from single to family coverage, or add Dependents to an existing family contract, provided that timely application is made and that only Dependents directly affected by the event are added to coverage. A change may be made if a new application is submitted within 30 calendar Days of any of the following events:

1. Marriage;
2. Death of spouse or Dependent;
3. Divorce, annulment, legal separation, or dissolution of marriage;
4. Adoption of a child, or addition of step children or foster children to the family;
5. Spouse or Dependent loses eligibility for coverage through another employer group due to being fired/discharged, laid off, plant closing, company closing, legal separation, divorce, death, termination of employment, or a reduction in hours causing ineligibility for coverage;
6. Employee spouse or Dependent becomes eligible for Medicare;
7. Dependent no longer eligible (age 19 and over and no longer a full-time student or Dependent marries);
8. Birth of a child. An enrollment form must be completed by the Plan Member within 30 Days of the birth of a child. If a single contract is in effect at the time of the birth of the biological child, the employee must submit a family application form to the State within 30 Days of the date of this birth. The effective date of the family contract will be the first Day of the month in which the biological child was born. The Plan Member's share of the family premium begins with this effective date. If the single contract holder does not submit the application for family coverage within 30 Days of the birth of the biological child, the child will be considered a late enrollee and benefit payments will not be made retroactive to the date of birth.

3.7 Annual Enrollment

A one-month annual enrollment and change period will be held once each Plan Year. During this period, Plan Members may move, without penalty, from any State-sponsored Plan to another.

3.8 Beginning Date of Coverage for Members

The effective date of all coverage is January 1 of each Plan Year. The Company will provide Covered Services to all Members for all claims incurred on or after that date. Coverage for Members not enrolled in any State Plan by January 1 will become effective

ATTACHMENT 3 – CONTRACT TERMS AND CONDITIONS

the first Day of the month following 30 calendar Days of employment. If the first Day of employment is the first working Day of the month, coverage will be effective the first of the next month.

All inpatient hospital, physician, and any other related charges for a Member terminating from one health plan and joining another are to be paid by the health plan from which the Member is terminating until discharge, or for a period not to exceed 60 Days from the date coverage is terminated, whichever is earlier. All coverage incorporates and assumes contractual copayments, deductibles, coinsurance, exclusions, Out-of-Pocket Limits, and other contractual limitations.

Immediately upon hospital or nursing Facility discharge, or a period beginning 60 Days and one minute from the date coverage is terminated from the previous health plan, the Member's newly chosen health plan will be liable, and will pay, for all Covered Services rendered for the Member from that moment until termination, including inpatient hospital and physician expenses.

This language supersedes any other contractual language regarding the Member's effective date, benefits available, eligibility, and/or payment for inpatient hospital, nursing Facility, physician, or other inpatient charges for Members.

3.9 Retiree and Disability Group Eligibility

A Plan Member who, at the time of termination of employment, applies and is approved for

1. retirement benefits, or
2. long-term disability benefits by the State's long-term disability carrier,

may continue health coverage in the State's retired/disabled direct pay group.

The Plan Member must pay the premiums in full to the Company. The State pays no portion of the Monthly Premium unless the retiree is participates in the State's Sick Leave Insurance Program (SLIP) upon their retirement. Retiring Plan Members are eligible for lifetime coverage. Long-term disability recipients are eligible for coverage as long as the recipient remains disabled according to the State's group long-term disability carrier.

The State's group health Plan will be the primary payor of claims until the retiree becomes Medicare-eligible. If a Medicare Risk product is offered by the Company, the Medicare Risk company becomes the primary claim payor.

3.10 Actively at Work

Any "actively at work" requirement the Company may have will be waived for Plan Members and Dependents, including, but not limited to, disabled and retired individuals, COBRA enrollees, and employees on approved leaves of absence.

3.11 Termination of Coverage

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A Plan Member may voluntarily terminate his or her coverage under this Contract by giving written notice of termination to the State or to the Company. Coverage will terminate the end of the month in which the Plan Member signs the notice of termination. The Company shall provide notice to the State of any Plan Members who have provided notice of termination to the Company and who do not appear as terminated on the State's monthly billing.

The State shall make all decisions regarding the termination of enrollment of a Plan Member from a health care Plan available through the State and shall notify the Company of such termination in a timely manner. In situations involving fraud by a Member, the Company may seek approval from the State to terminate the Member's enrollment with the Company.

For the retired and disabled Plan Members, the Company may send a termination notice for non-payment of premium as defined in the Benefits Booklet. The minimum grace period shall be 20 Days. The Company may then terminate such Plan Member if premium payment is not made by a date certain.

The State may terminate a Plan Member's coverage under this Contract, without any advance notice, for fraudulent misrepresentation or concealment of material facts made by the Plan Member in the application. All statements made by the Plan Member are deemed to be representations and not warranties. No statement made by any Plan Member shall be used in any contest unless a copy of the document containing the statement is furnished to such person.

A Plan Member's coverage under this Contract will automatically terminate on the last Day of the month during which the Plan Member terminates employment with the State, subject to the continuation and conversion rights specified in the Benefits Booklet.

During the term of the Contract, the State shall provide to the Company the names of those individuals who are no longer Members as of that month and thereafter the Company shall not settle Incurred Claims for services furnished such individuals after that month.

3.12 Effects of Termination of Coverage

If a Plan Member's coverage under this Contract is terminated for reasons other than fraud, misrepresentation or concealment of material facts, the Company will not pay for any services or supplies after the date of the coverage termination except Covered Services provided to a Plan Member who is an inpatient in a Facility on the date the coverage is terminated. Settlement for such Covered Services will be limited to the lesser of the following periods:

1. a period equal to the Members' remaining Days of coverage under the Contract (i.e., maximum Days per year limits);
2. a period ending on the date the Plan Member is discharged from the Facility; or
3. a period not to exceed 60 Days from the date the coverage is terminated.

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If a Plan Member's coverage under this Contract is terminated for fraud, misrepresentation, or concealment of material facts, the Company:

1. shall not pay for any services or supplies provided after the date the coverage is terminated; and
2. shall in any event retain, without limitation, any legal rights, including the right to initiate a civil action based on the fraud, misrepresentation or concealment, which it may have against the Plan Member, or any other person.

SECTION 4 – DUTIES AND RESPONSIBILITIES OF THE COMPANY

4.1 Scope of Services.

The Contractor shall provide medical group insurance for certain eligible employees of the executive, legislative, and judicial branches of Iowa state government. The Contractor shall administer the program as described in the Request for Proposals. Under this agreement, the Contractor shall assume fiduciary responsibility for the plan. Key Company staff shall be accessible to the State's staff and shall meet with the State as mutually determined. The Contractor will also be expected to provide written communications, handbooks and costs for both legislative and collective bargaining proposals. The Contractor shall provide the following services in accordance with the defined performance expectations as set forth below.

Statutory Requirements

The Company shall retain at all times during the period of this Contract a valid Certificate of Authority issued by the State of Iowa Office of the Commissioner of Insurance.

4.2 Claims Administration

4.2.1 During the term of this Contract, the Company shall pay claims for Covered Services provided to Members and perform the Administrative Services as specified in this Contract. All claims shall be processed in accordance with the written claims administration policies of the Company and Iowa law. Claim Turnaround Time shall be less than or equal to industry averages. The Company shall provide each Member submitting a claim with a written Explanation of Benefits supporting payment or denial of such received claim in accordance with the Company's internal procedures.

4.2.2 The Company shall conduct correspondence with Members, Providers, and others as necessary for the administration of the Plan.

4.2.3 The Company shall provide toll free long distance telephone service for inquiries from Members. In addition, the Company may provide services via the Internet. The Company shall respond to all inquiries in a timely manner.

4.2.4 The Company shall, upon written request of the Member, review any previously denied claim in accordance with the Claim Appeal Procedure of the Company and Iowa

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law. All Complaints shall be resolved within 60 Days unless the Company demonstrates to the State's satisfaction that additional time was necessary to reach a resolution.

4.2.5 The Company shall respond to all Complaints within 30 working days from receipt. The Company shall maintain a log of all Complaints received during the term of this Contract. The log shall be in the standard format required pursuant to Iowa law and shall be provided to the State upon request.

4.2.6 The Company shall use reasonable efforts to recover any overpayments to Plan Members, Providers, or third parties.

4.2.7 The Company shall coordinate Case Management Services through the use of its own resources or through coordination with other medical review organizations for the development of a long-term medical care program when appropriate.

4.3 Eligibility Information

The Company shall maintain an eligibility database for all active, COBRA, retired and disabled State of Iowa Members from eligibility reports furnished to the Company by the State on a periodic basis (no less than monthly), or due to information received in performing the Administrative Services under this Contract. The Company shall update and maintain the eligibility records of Plan Members and their covered Dependents in a timely manner, and provide enrollment information in electronic format (Excel or flat ASCII file) to the State on a monthly basis. The Company shall enter eligibility data into the database within five (5) working days of receipt. Additional data elements may be required by the State upon reasonable notice. The Company's eligibility database shall, at a minimum, contain:

- Member Information:
 - Full name,
 - Social Security Number,
 - Mailing address,
 - Date of Birth,
 - Date of Death (if applicable),
 - Gender,
 - Contract Type,
 - Effective Date,
 - End Date,
- Member Other Insurance Carrier Information:
 - Carrier,
 - Effective Date,
 - End Date,
- Dependent Information:
 - Full Name,
 - Gender,
 - Date of Birth,
 - Date of Death (if applicable),
 - Social Security Number,
 - Effective Date,
 - End Date,

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- Dependent Other Insurance Carrier Information (if different from Plan Member):
 - Carrier,
 - Policy Holder Name,
 - Policy Number,
 - Effective Date, and
 - End Date.

4.4 Consultation and Advice

The Contractor shall advise the Plan Administrator of present and future changes, legislative or otherwise, which would impact the Plan as well as assist the Plan Administrator in maintaining compliance with any and all regulations and laws. The Contractor shall recommend amendments to the Agreement or changes in program operation as may be required by changing conditions, laws or regulations, or as may be beneficial in offering Participants the most advantageous Plan.

4.5 Personnel to Perform the Services

The Contractor shall maintain sufficient personnel in its offices to enroll eligible employees under the Plan, to process claims, to assist in the reconciliation of any discrepancies between the Contractor's records and those of the State, to answer inquiries of Participants and the State as to claims and other records maintained or generated by the Contractor; and to otherwise fulfill its duties and responsibilities under this contract.

As part of the consideration for this Contract, DAS is relying on the personal skills of the key individuals identified in the Contractor's proposal to perform the services described in the scope of services. The Contractor must receive DAS's written approval prior to making any substitutions of key personnel by the Contractor during the term of this Contract or any extensions thereof. In addition, DAS may prohibit any Contractor personnel or agents from performing services under this Contract if DAS reasonably determines that such individual's performance does not meet DAS's expectations.

4.6 Health Promotional Activities

The Company shall participate in the development of enrollment and/or other health activities deemed appropriate by the State as a result of patient satisfaction surveys, HEDIS® data, and/or quality improvement studies. At a minimum, screening reminders shall be provided to appropriate Members for pediatric immunizations and mammography for women between ages of 40-65.

The Company shall provide the State with copies of all materials used in their health education and prevention programs and a record of activities related to State Members.

4.7 Industry Standards

The contractor represents and warrants that all of the services to be performed hereunder will be rendered using sound, professional practices and in a competent and professional manner by knowledgeable, trained and qualified personnel and that all aspects of the goods and services provided or used by it shall conform to the standards in the insurance

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industry in the performance of this Agreement. In the absence of a detailed specification for the performance of any portion of this Agreement, the parties agree that the applicable specification shall be the generally accepted industry standard.

4.8 Practice Guidelines and Adoption of New Medical Technology

The Company shall have a written policy and procedure for the review and adoption of new medical technologies and new uses of existing medical technologies. The policy shall be based on scientific evidence, review findings by the Food and Drug Administration and/or other regulatory bodies, and in consultation with medical professionals and, where applicable, review findings by regulatory agencies. The policy shall be communicated to Providers and as necessary to Members.

4.9 Fraud and Abuse

The Company shall diligently safeguard against the potential for and promptly investigate reports of suspected fraud and abuse in situations affecting the State's Plan.

The Company shall provide the State with its anti-fraud plan upon the State's request. The Company shall notify the State of those civil and criminal fraud matters involving State employees as those situations may warrant. Any other information may be obtained from the Iowa Fraud Bureau which receives regular reports from the Company. The State agrees to not take any further action upon any such matter, other than a referral to its counselor law enforcement agencies, without first conducting its own independent assessment of the facts and evidence presented by the Company.

4.10 Billing and Collections of Selected Memberships

The Company shall be responsible for billing and collecting Monthly Premiums for all retirees, disabled individuals, and COBRA enrollees after the first month of coverage. For those retirees participating in the Sick Leave Insurance Program (SLIP), the Company must be able to accept premium payments from the State for part of the premium and bill retirees for any portion of the premium for which they are responsible. The Company must provide the State with Member information monthly and this information must reflect premium paid, if any, by both the State and retiree.

4.11 Certifications of Prior Creditable Coverage

In accordance with the terms of the HIPAA, the Company hereby agrees to provide written certifications of prior creditable coverage in the following specified situations limited to the period of time that such individuals were Members of the Plan.

1. When a Member becomes eligible for COBRA or applicable state continuation coverage due to loss of coverage under the Plan;
2. When a Member loses coverage under the Plan and is not eligible for COBRA or applicable state continuation coverage;
3. Upon cessation of COBRA or applicable state continuation coverage, or, if applicable, upon expiration of any grace period for the payment of COBRA or applicable state continuation coverage premiums; or

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4. Upon request by or on behalf of the Member at any time during the 24 months after the Member loses eligibility under the Plan sponsored by the State or exhausts COBRA or applicable state continuation coverage.

4.12 Conversion

The Company shall provide a medical insurance conversion policy for all employees terminating employment with the State as well as early and normal retirees not eligible to otherwise remain eligible in the group insurance Plan. Conversion policies must also be available for all COBRA-entitled individuals. Medicare-eligible retirees are to be given a carve-out health plan and not a Medicare-only supplement. If the Plan Member retires under one of the State's retirement plans and is no longer eligible for long-term disability according to the State's group long-term disability carrier, the Company shall offer the Plan Member conversion rights.

4.13 Periodic Reports

The Company agrees to furnish the State with all reports required by the State to monitor and administer this Contract as identified in Exhibit B. In the event that the State independently conducts review, analysis and compilation of Encounter Data, the State, at its discretion, may request and receive a rebate of all or part of the Company's administrative fees for reporting.

4.14 COB Savings

The Company shall use prudent efforts to maximize savings resulting from Coordination of Benefits.

4.15 Benefits Booklet and Provider Directories

Benefits Booklets setting forth the benefits and provisions of this Contract shall be developed by the Company and approved by the State prior to issuance. The Company shall prepare and update, as needed due to Plan changes, the Benefits Booklet and Provider Directories for Members. These materials may be made available in electronic media but shall be printed for Members annually upon request of the State or within 10 business days upon request by a Member and distributed by the Company. In addition, in the event that the Company has benefit Plan information on the Internet, a link or links shall be provided to the State for use in the appropriate section(s) of the State's web site.

4.16 Identification Cards

The Company shall produce identification cards and distribute them to Plan Members at the beginning of the Contract period. The Company shall provide new identification cards if necessitated due to Plan changes as of the effective date of the changes. The Company shall distribute identification cards to new enrollees within 10 working days of when the Company receives the enrollment information, and to Plan Members within 10 working days of when the Company receives the request.

4.17 Publications Assistance

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The Company shall provide reasonable amounts of consultative services for the development of any additional materials deemed necessary by the State to increase the Plan Member's understanding of the benefits and provisions of the Plans offered by the State to its employees.

4.18 Telephone Services

The Contractor shall maintain a toll-free telephone number to respond to Participant inquiries as well as a toll-free TDD line for hearing impaired Participants. Upon proper identification, the Contractor shall, to the extent possible, answer inquiries over the telephone. The Contractor shall also provide an interactive voice response toll-free telephone system, which will enable Participants to obtain current, personalized information concerning their claims as well as general information concerning the Plan. Such system shall be available twenty-four (24) hours a day seven (7) days per week. The Contractor shall advise all Participants of the availability of its toll-free numbers.

SECTION 5 – DUTIES AND RESPONSIBILITIES OF THE STATE

5.1 Plan Enrollment Information

The State shall transmit or provide enrollment information to the Company for each month of coverage throughout the term of this Contract. The State shall notify the Company following the occurrence of an event and of TEFRA elections.

5.2 COBRA

The State will mail, within the required time period, a COBRA election notice and response form to each qualified participant at the last recorded home address upon notification of employment being terminated or another qualifying event according to COBRA regulations. The State will collect the first Monthly Premium and notify the Company of the Plan Member's and any other qualified beneficiaries' enrollment as a COBRA participant. Thereafter, the Company shall collect the monthly COBRA premium.

5.3 Other Contracts

The State may undertake or award other contracts for services related to the services described in this Contract or any portion herein. Such other contracts include, but are not limited to, consultants retained by the State to perform functions related in whole or in part to the Company's services. The Company shall reasonably cooperate with such other contractors and the State.

SECTION 6. PAYMENT FOR CONTRACTED SERVICES

6.1 Payment of Monthly Premiums

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The State agrees to remit the entire amount of the Monthly Premiums payable on behalf of each active, eligible Plan Member. The State agrees to assume the responsibility for collection of any amount of said payments from the employee.

By the 15th of the month, or the next business day if the 15th falls on a weekend or holiday, the State shall remit to the Company an amount equal to 95% of the premium collected for the current month's coverages, as interim payment for the current month. A final settlement for the month will be made upon reconciliation and balancing of the month's billing.

6.2 Late Payment

If payment is not made timely, the Company shall provide the State with a 10 Day Notice to Cure. If payment is not received after the Notice has expired, the Company has the right to terminate the Contract.

If the Company chooses to exercise its right to terminate the Contract under this provision, the Company shall provide the State with 60 Days' written notice. The State will remain liable for the full amount of the premiums through the date of termination.

6.3 Premium Rates

The Monthly Premium rates specified in Exhibit A of this Contract shall remain in effect for the first Plan Year (2007). The Monthly Premium rate shall be subject to revision after the first Plan Year on a yearly basis, effective as of the beginning of the Plan Year. Notice of revision in the premium rates shall be provided to the State not later than July 1 preceding the effective date of the revision.

In addition, the Company shall have the right to request a rate change immediately, subject to any required approval of the Insurance Division of the Iowa Department of Commerce, if in its opinion its liability under this Contract is changed by any act of a state or federal legislature requiring a change in benefits and services provided by the Company. If approved by the State, any such change in the Monthly Premiums will take effect on the effective date of the legislation and will be entirely independent of and without reference to any rate change periods mentioned above.

SECTION 7. TERMINATION

- 7.1 Termination for cause:** DAS may terminate the Contract resulting from this proposal at any time after (15) fifteen days written notice if the Contractor fails to carry out its provisions. Notwithstanding the above statement, the Contractor shall be paid promptly for services rendered up to the point of termination of the Contract.

DAS shall provide the Contractor with (15) fifteen calendar days' written notice of conditions endangering performance. If, after such notice, the Contractor fails to remedy the conditions contained in the notice, DAS may do one or more of the following:

- exercise any remedy provided by law; and
- terminate the Contractor's services.

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Pursuant to Section 14.27, the Contractor shall not be considered to be in default under this Contract, nor shall monetary damages be assessed, if performance is delayed or made impossible by an act of God, or such other event that is beyond the reasonable control of the Contractor. In each such case, the delay or impossibility must be beyond the reasonable control of the Contractor.

Should DAS or the State obtain a money judgment against the Contractor as a result of a breach of this Contract, the Contractor consents to such judgment being offset against monies owed the Contractor by DAS or the State under this or any other agreement with DAS or the State.

Amounts due to DAS or the State as monetary damages may be deducted by DAS or the State from any money payable to the Contractor pursuant to this or any other agreement. DAS or the State shall notify the Contractor in writing of any claims for damages on or before the date DAS or the State deducts such sums from money payable to the Contractor.

Should the Contractor consider DAS to be in default of its obligations, the Contractor shall issue a written notice of default providing for an agreed time frame in which DAS shall have an opportunity to cure, provided that the cure is possible and feasible. If after opportunity to cure, the default remains, the Contractor may exercise any remedy provided by law.

- 7.2 Termination for lack of funds:** Notwithstanding any other provisions of this Contract, if funds anticipated for continued fulfillment of this Contract are at any time not forthcoming or sufficient, either through the failure of the State to appropriate funds, or the discontinuance or material alteration of the program for which funds were provided, DAS shall give written notice as soon as practical documenting the lack of funding, discontinuance, or program alteration. Unless otherwise agreed to by the parties, the Contract shall be terminated on the last day for which appropriations are available.

In no event shall DAS be liable for the payment of unemployment compensation to the Contractor's employees. DAS shall not be liable for the payment of equipment purchase, lease, or rental amounts for which the Contractor may be obligated nor shall DAS be liable for the payment of any other obligation of the Contractor.

Notwithstanding the above, the Contractor shall be paid promptly for services provided up to the point of termination of this Contract.

- 7.3 Termination at Will:** The State may terminate the Contract without penalty on any day by giving written notice to the Contractor at least 30 calendar days prior to the termination. Notwithstanding the above, the Contractor shall be paid promptly for services performed to the point of termination of this Contract.

The Contractor may terminate the Contract without penalty on any given day by giving written notice to DAS at least one hundred eighty (180) calendar days prior to the termination.

SECTION 8. CONFIDENTIAL INFORMATION

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- 8.1** The Contractor's employees, agents and approved subcontractors may have access to private or confidential data maintained by DAS or DAS's insurance carriers to the extent necessary to carry out its responsibilities under the Contract. The Contractor must designate one individual who shall remain the responsible authority in charge of all data collected, used, or disseminated by the Contractor in connection with the performance of the Contract. The Contractor shall provide adequate supervision and training to its agents, employees and subcontractors to ensure compliance with the terms of this Contract. The private or confidential data shall remain the property of DAS at all times.
- 8.2** No private or confidential data collected, maintained, or used in the course of performance of the Contract shall by the Contractor be disseminated to any third party without the State's consent, except (a) as may be required by law, regulation, judicial or administrative process, or in accordance with applicable professional standards, or in connection with litigation pertaining hereto, or (b) to the extent such information (i) shall have otherwise become publicly available (including, without limitation, any information filed with any governmental agency and available to the public) other than as the result of a disclosure by the Contractor in breach hereof, (ii) is disclosed by the State to a third party without substantially the same restrictions as set forth herein, (iii) becomes available to the Contractor on a nonconfidential basis from a source other than the State which the Contractor believes is not prohibited from disclosing such information to the Contractor by obligation to the State, (iv) is known by the Contractor prior to its receipt from the State without any obligation of confidentiality with respect thereto, or (v) is developed by the Contractor independently of any disclosures made by the State to the Contractor of such information. The Contractor must return any and all such private or confidential data collected by the Contractor in the course of the performance of the Contract in whatever form it is maintained promptly at the written request of DAS; provided, however, the Contractor may keep a copy and any notes or extracts related thereto in accordance with applicable professional standards and reasonable business practices subject to the confidentiality obligations contained herein.
- 8.3** The Contractor's obligation under this Contract shall survive termination of this Contract.

SECTION 9. INDEMNIFICATION FOR THIRD PARTY CLAIMS

- 9.1 By the Contractor.** The Contractor agrees to indemnify, defend and hold harmless the State, its officers, and employees appointed and elected (the "State Entities") from any and all third party liabilities, damages, settlements, judgments, losses, claims, costs and expenses, including the reasonable value of the time spent by the Attorney General's Office, and the costs and expenses and reasonable attorneys' fees of other counsel required to defend the State of Iowa or DAS, related to or arising from:
- 9.1.1** Any breach of this Contract; or
- 9.1.2** Any negligent or wrongful act or omission of the Contractor or any agent or subcontractor utilized or employed by the Contractor; or
- 9.1.3** Any failure by the Contractor to comply with Section 14.4 below (Compliance with the Law); or

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- 9.1.4** Any failure by the Contractor to make all reports, payments, and withholdings required by federal and state law with respect to social security, employee income, and other taxes, fees, or costs required by the Contractor to conduct business in the State of Iowa; or
- 9.1.5** Any infringement of any copyright, trademark, patent, trade dress, or other intellectual property right; or
- 9.1.6** Any failure by the Contractor to adhere to the confidentiality provisions of this Contract.

9.2 Indemnification by DAS

- 9.2.1** DAS shall, only to the extent consistent with Article VII, Section 1 of the Iowa Constitution and Iowa Code Chapter 669, indemnify and hold harmless the Contractor from and against any and all costs, expenses, losses, claims, damages, and liabilities arising directly out of this engagement, including, without limitation, the negligence or wrongful acts or omissions of any employee of DAS while acting within the scope of the employee's office of employment in connection with the performance of this Contract.
- 9.2.2** At the option of DAS, the Contractor shall be represented by the Attorney General of the State or special counsel retained by the State or the Attorney General of the State with respect to any litigation brought by or against DAS or such persons with respect to any claims, damages, judgments, liabilities, or causes of action to which such persons may be subject and to which they are entitled to be indemnified hereunder.
- 9.2.3** If DAS makes any indemnity payments pursuant to this Section and the person to or on behalf of whom such payments are made thereafter collects any of such amounts from others, that person shall promptly repay such amounts to DAS, without interest.

- 9.3 Survival.** Indemnification obligation of the parties shall survive termination of this Contract.

SECTION 10. PROJECT MANAGEMENT AND REPORTING

- 10.1 Project Manager.** At the time of execution of this Contract, each party shall designate, in writing, a Project Manager to serve until the expiration of this Contract or the designation of a substitute Project Manager.
- 10.2 Reports.** If any party has identified a problem in writing, the party responsible for resolving the problem shall provide a report setting forth activities undertaken, or to be undertaken, to resolve the problem, together with the anticipated completion dates of such activities. Any party may recommend alternative courses of action or changes that will facilitate problem resolution. For as long as a problem remains unresolved, written reports shall identify:

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10.2.1 Any event not within the control of the Contractor or DAS that accounts for the problem;

10.2.2 Modifications to the Contract agreed to by the parties in order to remedy or solve the identified problem;

10.2.3 Damages incurred as a result of any party's failure to perform its obligations under this Contract; and

10.2.4 Any request or demand for services by one party that another party believes are not included within the terms of this Contract.

10.3 Problem Reporting Omissions. Either party's acceptance of a problem report shall not relieve the other party of any obligation under this Contract or waive any other remedy under this Contract or at law or equity that other party may have. A party's failure to identify the extent of a problem or the extent of damages incurred as a result of a problem shall not act as a waiver of performance under this Contract. Where other provisions of this Contract require notification of an event in writing, the written report shall be considered a valid notice or amendment for this Contract provided the parties required to receive notice are notified and any amendment is executed by the parties in conformance with the Section of this Contract relating to amendments.

10.4 Change Order Procedure. DAS may at any time request a modification to the Scope of Services using a Change Order. The following procedures for a change order shall be followed:

10.4.1 Written Request. DAS shall specify in writing (the "Change Order Request") the desired modifications to the same degree of specificity as in the original Scope of Services.

10.4.2 The Contractor's Response. The Contractor shall submit to DAS a time and cost estimate for the requested Change Order, if it agrees to perform such modified Scope of Services, or a written notice declining to agree to such Change Order within five (5) business days of receiving the Change Order Request.

10.4.3 Acceptance of the Contractor Estimate. If DAS accepts the estimate presented by the Contractor within five (5) business days of receiving the Contractor's response, the Contractor shall perform the modified services subject to the time and cost estimates included in the Contractor response. The performance or modified services by the Contractor shall be governed by the terms and conditions of this Contract.

10.4.4 Adjustment to Compensation. The parties acknowledge that a Change Order for this Contract may or may not entitle the Contractor to an equitable adjustment in the Contractor's compensation or the performance deadlines under this Contract.

SECTION 11. LIMITATION OF LIABILITY BETWEEN THE PARTIES

11.1 The Contractor expressly acknowledges that the State's benefit offerings are subject to legislative change by either the federal or state government. Should either legislative body

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enact measures that alter the benefit offerings, the Contractor shall not hold DAS liable in any manner for the resulting changes. DAS shall use best efforts to provide thirty (30) days' written notice to the Contractor of any legislative change. During the thirty-day period, the parties shall meet and make a good faith effort to agree upon changes to the Contract to address the legislative change. Nothing in this Subsection shall affect or impair DAS's right to terminate the Contract pursuant to the termination provisions.

- 11.2** The State agrees that the Contractor and its personnel shall not be liable to the State for any claims, liabilities, or expenses relating to this engagement, excluding any third party liability under Section 9 herein, for an aggregate amount in excess of the three times the fees paid by the State to the Contractor pursuant to this engagement, except to the extent finally judicially determined to have resulted primarily from the bad faith or intentional misconduct of the Contractor. In no event shall the Contractor or its personnel be liable to the State for punitive or exemplary damages relating to this engagement.

SECTION 12. WARRANTIES

- 12.1 Construction of Warranties Expressed in this Contract with Warranties Implied by Law.** The Contractor represents and warrants that all the concepts, materials and Deliverables produced, or provided to DAS pursuant to the terms of this Contract, shall be wholly original with the Contractor or that the Contractor has secured all applicable interests, rights, licenses, permits or other intellectual property rights in such concepts, materials and Deliverables.
- 12.2** The Contractor represents and warrants that the concepts, materials and the Deliverables and DAS's use of same and the exercise by DAS of the rights granted by this Contract shall not infringe upon any other work, other than material provided by the Contract to the Contractor to be used as a basis for such materials, or violate the rights of publicity or privacy of, or constitute a libel or slander against, any person, firm or corporation and that the concepts, materials and works will not infringe upon the copyright, trademark, trade name, literary, dramatic, statutory, common law or any other rights of any person, firm or corporation or other entity.
- 12.3** The Contractor represents and warrants that it shall perform all of the services hereunder in good faith and will use sound, professional practices in a competent and professional manner by knowledgeable, trained and qualified personnel.
- 12.4** The Contractor represents and warrants that it has full authority to enter into this Contract and that it has not granted and will not grant any right or interest to any person or entity.
- 12.5** DAS will not have any obligations with respect to the Contractor's contractual obligations to its contractors and subcontractors unless otherwise agreed to by DAS.
- 12.6** The Contractor represents and warrants that it is the owner of or otherwise has the right to use and distribute the software, the materials owned by the Contractor, and any other materials, Deliverables, and methodologies used in connection with providing the services contemplated by this Contract.

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- 12.7** The Contractor represents and warrants that title to any property assigned, conveyed, or licensed to DAS is good and that transfer of title or license to DAS is rightful and that all property shall be delivered free of any security interest or other lien or encumbrance.
- 12.8** The Contractor warrants that no person or selling agency has been employed or retained to solicit and secure this Contract upon an agreement of understanding of commission, percentage, brokerage or contingency fee except bona fide employees maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the State shall have the right to award this Contract without liability, or in its discretion, to deduct from the contract price or to otherwise recover, the full amount of such commission, percentage, brokerage or contingency.
- 12.9** The Contractor warrants that the prices in its Proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any competitor. No attempt has been made by the Contractor to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.

SECTION 13. CONTRACT ADMINISTRATION

- 13.1 Independent Contractor.** The status of the Contractor shall be that of an independent contractor. The Contractor, its employees, agents and any subcontractors performing under this Contract are not employees or agents of the State of Iowa or any agency, division, or department of the State. Neither the Contractor nor its employees shall be considered employees of DAS or the State of Iowa for federal or state tax purposes. DAS will not withhold taxes on behalf of the Contractor (unless required by law).
- 13.2 Incorporation of Documents.** Along with this document, the RFP, and amendments and written responses to bidders' questions (collectively RFP) and the Contractor's Proposal submitted in response to the RFP, form the Contract between the Contractor and the DAS and are incorporated herein by reference.
- 13.3 Order of Priority.** In the event of a conflict between the Contract, the RFP and the Proposal, the conflict shall be resolved according to the following priority, ranked in descending order: (1) the Contract; (2) the RFP; (3) the Proposal.
- 13.4 Compliance with the Law.** The Contractor, its employees, agents, and subcontractors shall comply with all applicable federal, state, and local laws, rules, ordinances, regulations, and orders when performing the services under this Contract, including without limitation, all laws applicable to the prevention of discrimination in employment and the mandatory, if any, use of targeted small businesses as subcontractors or suppliers. The Contractor, its employees, agents, and subcontractors shall also comply with all federal, state, and local laws regarding business permits and licenses that may be required to carry out the work performed under this Contract. DAS shall provide notice to the Contractor of potential violations of this subsection 14.4 should DAS become aware of such potential violations.
- 13.5 Amendments.** This Contract may be amended in writing from time to time by mutual consent of the parties. All amendments to this Contract must be in writing and fully executed by the parties.

ATTACHMENT 3 – CONTRACT TERMS AND CONDITIONS

- 13.6 Third Party Beneficiaries.** There are no third party beneficiaries to this Contract. This Contract is intended only to benefit the State, DAS, and the Contractor.
- 13.7 Choice of Law and Forum.** The laws of the State of Iowa shall govern and determine all matters arising out of or in connection with this Contract without regard to the choice of law provisions of Iowa law. In the event any proceeding of a quasi-judicial or judicial nature is commenced in connection with this Contract, the exclusive jurisdiction for the proceeding shall be brought in Polk County District Court for the State of Iowa, Des Moines, Iowa. This provision shall not be construed as waiving any immunity to suit or liability including without limitation sovereign immunity in State or Federal court, which may be available to the DAS or the State of Iowa.
- 13.8 Assignment.** Neither party may assign the Contract in whole or in part or any payment arising from the Contract without the other party's prior written consent and subject to such reasonable conditions and provisions, as such party may deem necessary; provided, however, that the Contractor may so assign to an affiliate, related entity or successor in interest to all or substantially all of the assets or business of the Contractor.
- 13.9 Use of Third Parties.** DAS acknowledges that the Contractor may contract with third parties for the performance of any of the Contractor's obligations under this Contract. All subcontractors shall be subject to prior approval by DAS. The Contractor may enter into these contracts provided that the Contractor remains responsible for all services performed under this Contract. All restrictions, obligations, and responsibilities of the Contractor under this Contract shall also apply to the subcontractors. DAS shall have the right to request the removal of a subcontractor from the Contract for good cause.
- 13.10 Integration.** This Contract represents the entire Contract between the parties. The parties shall not rely on any representations, or other statements or warranties that may have been made, which are not included in this Contract.
- 13.11 Headings or Captions.** The paragraph headings or captions used in this Contract are for identification purposes only and do not limit or construe the contents of the paragraphs.
- 13.12 Not a Joint Venture.** Nothing in this Contract shall be construed as creating or constituting the relationship of a partnership, fiduciary relationship, joint venture, or other association of any kind of agent and principal relationship between the parties hereto. Each party shall be deemed to be an independent contractor contracting for services. No party, unless otherwise specifically provided for herein, has the authority to enter into any contract or create an obligation or liability on behalf of, in the name of, or binding upon another party to this Contract.
- 13.13 Joint and Several Liability.** If the Contractor is a joint entity, consisting of more than one individual, partnership, corporation or other business organization, all such entities shall be jointly and severally liable for carrying out the activities and obligations of this Contract, and for any default of activities and obligations.

ATTACHMENT 3 – CONTRACT TERMS AND CONDITIONS

13.14 Supersedes Former Contracts or Agreements. This Contract supersedes all prior Contracts or Agreements between DAS and the Contractor for the services described in this Contract.

13.15 Waiver. Except as specifically provided for in a waiver signed by duly authorized representatives of DAS and the Contractor, failure by either party at any time to require performance by the other party or to claim a breach of any provision of the Contract shall not be construed as affecting any subsequent right to require performance or to claim a breach.

13.16 Notice

13.16.1 Any and all notices, designations, consents, offers, acceptances or any other communication provided for herein shall be given in writing by registered or certified mail, return receipt requested, by receipted hand delivery, by Federal Express, courier or other similar and reliable carrier which shall be addressed to each party as set forth as follows:

If to DAS:

Plan Administrator
Medical Benefit Program
Department of Administrative Services
Grimes State Office Building
400 E 14th St.
Des Moines, IA 50319

If to the Contractor:

13.16.2 Each such notice shall be deemed to have been provided the earlier of:

13.16.2.1 At the time it is actually received; or,

13.16.2.2 Within one (1) business day in the case of overnight hand delivery, courier or services such as Federal Express with guaranteed next day of delivery; or,

13.16.2.3 Within five (5) business days after it is deposited in the U.S. Mail in the case of registered U.S. Mail as described above.

13.16.3 From time to time, the parties may change the name and address of a party designated to receive notice. Such change of the designated person shall be in writing to the other party and as provided herein.

13.17 Cumulative Rights. Except as specifically provided for herein, the various rights, powers, options, elections and remedies of any party provided in this Contract, shall be construed as cumulative and not one of them is exclusive of the others or exclusive of any rights, remedies or priorities allowed either party by law, and shall in no way affect or impair the right of any party to pursue any other equitable or legal remedy to which any

ATTACHMENT 3 – CONTRACT TERMS AND CONDITIONS

party may be entitled as long as any default remains in any way unremedied, unsatisfied or undischarged.

13.18 Severability. If any provision of this Contract is determined by a court of competent jurisdiction to be invalid or unenforceable, such determination shall not affect the validity or enforceability of any other part or provision of this Contract.

13.19 Time is of the Essence. Time is of the essence with respect to the performance of the terms of this Contract.

13.20 Authorization. Each party to this Contract represents and warrants to the other parties that:

13.20.1 It has the right, power, and authority to enter into and perform its obligations under this Contract.

13.20.2 It has taken all requisite action (corporate, statutory or otherwise) to approve execution, delivery, and performance of this Contract, and this Contract constitutes a legal, valid, and binding obligation upon itself in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general principals of equity.

13.21 Successors in Interest. All the terms, provisions, and conditions of the Contract shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

13.22 Audit and Examination of Records. The Contractor agrees that the personnel of the State and the Auditor of the State of Iowa or any authorized representative of the State, and where federal funds are involved, the Comptroller General of the United States or any other representative of the United States Government, shall have access to, and the right to examine, upon reasonable prior notice and during the Contractor's normal business hours at the Contractor's place of business, audit, excerpt and photocopy any directly pertinent daily time records and receipts for expenses (for items in excess of \$25) billed to DAS and any books, documents, papers, and records of the vendor necessary to verify accurate invoices or payments of this Contract. All daily time records relating to this Contract shall be retained for one (1) year following the date of final invoice or completion of any audit in progress, whichever is earlier. All invoices shall be retained for five (5) years following the date of final payment or completion of any audit in progress, whichever is later.

Compliance with this clause does not relieve the Contractor from retaining any records required by other laws or regulations of federal, state or local governmental units. The Contractor will not be eligible for additional payments from the State, for expenses incurred, to comply with the State's audit requirements set forth in this Section.

13.23 Solicitation. The Contractor warrants that no person or selling agency has been employed or retained to solicit and secure this Contract upon an agreement or

ATTACHMENT 3 – CONTRACT TERMS AND CONDITIONS

understanding for commission, percentage, brokerage or contingency excepting bona fide employees or selling agents maintained for the purpose of securing business.

13.24 Obligations Beyond Contract Term. This Contract shall remain in full force and effect to the end of the specified term or until terminated or canceled pursuant to this Contract. All obligations of DAS and the Contractor incurred or existing under this Contract as of the date of expiration, termination or cancellation will survive the termination, expiration or conclusion of this Contract.

13.25 Counterparts. The parties agree that this Contract has been or may be executed in several counterparts, each of which shall be deemed an original and all such counterparts shall together constitute one and the same instrument.

13.26 Additional Provisions. The parties agree that if an Addendum, Rider or Exhibit is attached hereto by written agreement of the parties, and/or referred to herein, the same shall be deemed incorporated herein by reference.

13.27 Delay or Impossibility of Performance. The Contractor shall not be in default under this Contract if performance is delayed or made impossible by circumstances or causes beyond its reasonable control, including, without limitation, an act of God, flood, fire, governmental action, war, violence, terrorism, failure to cooperate by any third party (other than a subcontractor of Contractor) or the State, or similar events. In each such case, the delay or impossibility must be beyond the reasonable control and without the fault or negligence of the Contractor. If delay results from a subcontractor's conduct, negligence or failure to perform, the Contractor shall not be excused from compliance with the terms and obligations of this Contract.

13.28 Insurance Requirements. The Contractor shall maintain adequate insurance to fulfill its duties under this Contract, including the duty to indemnify the State and DAS pursuant to Section 9 above.

SECTION 14. PERFORMANCE MEASURES

SECTION 15. EXECUTION

IN WITNESS WHEREOF, in consideration of the mutual covenants set forth above and for other goods and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Contract and have caused their duly authorized representatives to execute this Contract.

State of Iowa

Date

Date

By:

By:

ATTACHMENT 4 – PROPOSAL CERTIFICATION

Date

Ed Holland
State of Iowa
Department of Administrative Services – HRE
400 East 14th St
Des Moines, Iowa 50319-0150

**RE: Request for Proposals – Group Medical Managed Care Organization
(MCO) Plans
-PROPOSAL CERTIFICATION-**

Mr. Holland:

I certify that the contents of the proposal submitted on behalf of (Name of Bidder) in response to the State of Iowa Request for Proposals – Group MCO Plans, are true and accurate. I also certify that (Name of Bidder) has not made any knowingly false statements in this proposal.

Sincerely,

Name

Date

Title

ATTACHMENT 5 – CERTIFICATION OF INDEPENDENCE AND NO CONFLICT OF INTEREST

Date

Ed Holland
State of Iowa
Department of Administrative Services – HRE
400 East 14th St
Des Moines, Iowa 50319-0150

**RE: Request for Proposals – Group MCO Plans
- CERTIFICATION OF INDEPENDENCE AND NO CONFLICT OF INTEREST -**

Mr. Holland:

By submitting a proposal in response to the State of Iowa Request for Proposals – Group MCO Plans, the undersigned certifies the following:

- 1 The proposal has been developed independently, without consultation, communication or agreement with any employee or consultant to the State who has worked on the development of this RFP, or with any person serving as a member of the evaluation committee.
- 2 The proposal has been developed independently, without consultation, communication or agreement with any other bidder or parties for the purpose of restricting competition.
- 3 Unless otherwise required by law the information found in this proposal has not been knowingly disclosed and will not be knowingly disclosed prior to the award of the contract, directly or indirectly to any other bidder.
- 4 No attempt has been made or will be made by (Name of Bidder) to induce any other bidder to submit or not submit a proposal for the purpose of restricting competition.
- 5 No relationship exists or will exist during the contract period between (Name of Bidder) and the State of Iowa that interferes with fair competition or that would create a conflict of interest.

Sincerely,

Name

Date

Title

**ATTACHMENT 6 – CERTIFICATION REGARDING DEBARMENT, SUSPENSION,
INELIGIBILITY, AND VOLUNTARY EXCLUSION**

Date

Ed Holland
State of Iowa
Department of Administrative Services – HRE
400 East 14th St
Des Moines, Iowa 50319-0150

**RE: Request for Proposals – Group MCO Plans
- CERTIFICATION REGARDING DEBARMENT, SUSPENSION,
INELIGIBILITY, AND VOLUNTARY EXCLUSION -**

Mr. Holland:

By submitting a proposal in response to the State of Iowa Request for Proposals – Group MCO Plans, the undersigned certifies the following:

1. I certify that to the best of my knowledge, (Name of Bidder) and its principals: (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transaction by a Federal department or agency; (b) have not within a three year period preceding this proposal been convicted of, or had a civil judgment rendered against them for the commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction, violation of antitrust statutes or commission of embezzlement, theft, forgery, falsification or destruction of records, making false statements, or receiving stolen property; (c) are not presently indicted for other criminally or civilly charge by a government entity (federal, state, or local) with the commission of any of these offenses enumerated in (b) of this certification; and (d) have not within a three year period preceding this proposal had one or more public transactions (federal, state, or local) terminated for cause.
2. This certification is a material representation of fact upon which the State of Iowa has relied when this transaction was entered into. If it is later determined that the undersigned knowingly rendered an erroneous certification, in addition to other remedies available, the State may pursue available remedies including suspension, debarment, or termination of the contract.

Sincerely,

Name

Date

Title

ATTACHMENT 7 – AUTHORIZATION TO RELEASE INFORMATION

Date

Ed Holland
State of Iowa
Department of Administrative Services – HRE
400 East 14th St
Des Moines, Iowa 50319-0150

**RE: Request for Proposals – Group MCO Plans
- AUTHORIZATION TO RELEASE INFORMATION -**

Mr. Holland:

The undersigned hereby authorizes the State of Iowa to obtain information regarding its performance on other contracts, agreements or other business arrangements, its business reputation, and any other matters pertinent to the evaluation and selection of a successful bidder in response to Request for Proposals – Group MCO Plans.

The undersigned hereby releases, acquits, and forever discharges the State of Iowa, their officers, directors, employees and agents from any and all liability whatsoever, including all claims, demands and causes of action of every nature and kind affecting the undersigned that it may have or ever claim to have relating to information, data, opinions, and references obtained by the State in the evaluation and selection of a successful bidder in response to Request for Proposals – Group MCO Plans.

The undersigned hereby authorizes representatives of the State to contact any and all of the persons, entities, and references that are, directly or indirectly, listed, submitted, or referenced in the undersigned proposal submitted in response to Request for Proposals – Group MCO Plans.

The undersigned further authorizes any and all persons or entities to provide information, data, and opinions with regard to the undersigned's performance under any contract, agreement, or other business arrangement, the undersigned's ability to perform, the undersigned's business reputation, and any other matter pertinent to the evaluation of the undersigned. The undersigned hereby releases, acquits, and forever discharges any such person or entity, their officers, directors, employees and agents from any and all liability whatsoever, including all claims, demands and causes of action of every nature and kind affecting the undersigned that it may have or ever claim to have relating to information, data, opinions, and references obtained by the State in the evaluation and selection of a successful bidder in response to Request for Proposals – Group MCO Plans.

A photocopy or facsimile of this signed Authorization is as valid as an original.

Sincerely,

Name

Date

Title

ATTACHMENT 8 – MEDICAL CLAIMS INFORMATION

Claims Information

John Deere.zip

UHC.zip

Wellmark.zip

Coventry.zip

ATTACHMENT 9 – CENSUS INFORMATION

Iowa Census

Iowa MCO RFP Census.zip

ATTACHMENT 10 – RENEWAL TEMPLATE

SAMPLE – NOT TO BE COMPLETED FOR RFP

EXAMPLE — Iowa MCO Renewal. xls